

# Strauss party heavily defeated in elections

Herr Franz Josef Strauss's Christian Democrats suffered heavy losses in elections for the Parliament in the West German state of North Rhine-Westphalia yesterday. The result dealt a severe blow to Herr Strauss's hopes of becoming Chancellor. The state has almost a third of the national electorate and the vote was regarded as a trial run for the national elections in October.

## Blow to hopes of chancellorship

From Patricia Clough

Bon, May 11  
Herr Franz Josef Strauss's hopes of becoming West German Chancellor received a severe blow today when the Christian Democrats suffered heavy losses in the crucial elections for the North Rhine-Westphalia Land (state) Parliament.

The first treads pointed to an almost undreamed of success for the Social Democrats, led by Herr Helmut Schmidt, the Chancellor, who became the strongest party in the state and looked like winning an absolute majority.

Their smaller coalition partners, the Free Democrats, however, were hovering dangerously close to the 5 per cent minimum required for representation. They had apparently lost many votes to the ecological "Green" party which was participating for the first time.

Since North Rhine-Westphalia's 1.2 million voters represented almost a third of the national electorate and closely reflect its social and political makeup, today's vote was regarded as a trial run for the Bundestag elections in October.

With more than one-third of the votes counted, the Christian Democrats, originally the strongest party with 47.1 per cent, appeared to have lost more than 4 per cent, a serious defeat in a proportional representation system like that in West Germany.

The losses are expected to be blamed to a large extent on Herr Strauss, whose performance as a candidate for Chancellor has disappointed many Christian Democrats. It may prompt more demands from within the party that he be replaced before the national elections.

## Minister's daughter is shot dead as power struggle erupts in Uganda

From Charles Harrison

Nairobi, May 11  
A power struggle was in progress in Uganda at the weekend after President Godfrey Binaisa had moved to neutralize what he sees as a plot to restore Dr Milton Obote, who was Prime Minister and President of Uganda from 1962 to 1971, to power with the support of part of the Uganda Army.

Brigadier David Ovite-Ojok, army chief of staff and a fellow tribesman of Dr Obote, had refused to accept an order from President Binaisa dismissing him from his army post and appointing him Ambassador to Algeria.

Soldiers who say they are acting for the Military Commission of Uganda's interim parliament, the National Consultative Council, took control of the Kampala radio station, apparently threatening to broadcast further statements from President Binaisa.

The Military Commission, headed by Mr Paul Mwanga, the Minister of Labour, who supports Dr Obote, broadcast a statement saying that President Binaisa had no power to dismiss the army chief of staff without approval of the National Consultative Council.

## US recalls two envoys for Palestine talks

Mr Edmund Muskie, the new American Secretary of State, has recalled the United States ambassadors to Egypt and Israel for consultations with hisself, Mr Carter and Mr Sol Linowitz, the President's special Middle East envoy, as part of an urgent review of the Palestinian autonomy talks.

The review comes after President Sadat's decision to suspend autonomy talks with Israel.

**\$1,500m for Chrysler**  
The White House has approved loan guarantees of \$1,500m (£652m) to save the Chrysler Corporation from bankrupcy. The first instalment of \$500m could be paid to the car company within 15 days. Mr Lee Iacocca, Chrysler's chairman, welcoming the decision, said it would save the jobs of 500,000 Americans.

President Binaisa: Concern at image of army.

But President Binaisa, who was still in the State House at Entebbe, today, insists that as President and commander-in-chief he has the power to dismiss the chief of staff.

In announcing the dismissal,

President Binaisa had expressed concern at a breakdown in relations between the newly-trained Uganda Army and civilians. There have been several clashes in the

## Sudden end to labour dispute in Sweden

From Roger Choate

Stockholm, May 11

Sweden's serious labour conflict came to an abrupt end tonight, when employers agreed to pay a 6.8 per cent wage award recommended by the Government mediation board.

Earlier, the trade union federation accepted the award, but the employers refused, saying it would harm the national economy.

The employers' Federation changed its mind after Mr Thorbjörn Falldin, the Prime Minister, summoned its chairman, Mr Curt Nicolin, to appear before the Cabinet. It was understood that an angry Mr Falldin urged Mr Nicolin to tell the employers to review their decision urgently. One source said the Government was considering introducing legislation to force industrialists to end their lock-outs.

Late tonight, Mr Falldin announced that he had received a message from the employers, accepting the commission proposal after all.

This means that the lock-out of 750,000 workers in the private sector will be lifted immediately and the labour unions will call off selective strikes involving at least 100,000 more.

Public sector unions, engaged in parallel negotiations, also accepted a mediation wage award of 6.5 per cent. Over nine banks and blocs were therefore lifted immediately at seaports, and airports, and public transport resumed services. All schools reopen tomorrow and radio and television stations are back on the air.

The proposal, now accepted by both sides, will not increase real incomes in the long run. Sweden's deteriorating economic position has caused a painful adjustment for wage-earners who had grown accustomed to ever fatter wage packets.

Negotiations began last November broke down on April 30, when Mr Gunnar Nilsson, chairman of the union federation, rejected a mediation proposal for an overall 2.3 per cent rise. He said it meant a lowering of real incomes in view of inflation.

The subsequent conflict, which lasted more than a week, involved one quarter of Sweden's labour force. Industrial production almost ceased, public services were disrupted and on Friday transport workers halted most deliveries of goods.

In a statement tonight the union federation declared: "We accept in spite of the fact that such a large rise in the wage level will have negative effects on the national economy and put a strain on state finances. The damage from a continued conflict, however, were considered to be so serious that the proposal was accepted."

Today's Tass report added: "What is needed in order to have normal relations is not demagogic utterances, but a sober approach, a frank and honest dialogue."

Soviet leaders have said they will not withdraw from Afghanistan until outside interference—which in the Kremlin view includes all opposition to the Kabul Government—has ceased.

Soviet media have given almost "no attention to the Vienna meeting, when the foreign ministers will attend celebrations marking the twenty-fifth anniversary of Austria's state treaty."

A commentator in Pravda said today that many observers in the United States and elsewhere in the world had expected Mr Muskie would bring some elements of soberness into White House foreign policy. The Secretary of State was "an experienced political figure".

Continued on page 7, col 1

Express plans court complaint if order to withdraw strike circular is not carried out

## Print union may face 'contempt' ruling over day of action

By Paul Routledge

Labour Editor

The High Court may today be asked to rule if the National Society of Operative Printers, Graphical and Media Personnel (Natsopa) in contempt of an order restraining its officials from organizing support for the TUC's day of action on Wednesday.

Unconfirmed reports were circulating in Fleet Street last night that Express Newspapers, which was granted an injunction against Natsopa three days ago, will complain to Mr Justice Griffiths that the order has not been carried out.

Those rumoured legal moves come practically on the eve of the protest action, for which support is falling off substan-

tially after the judgment that the strike is a political one, which has no protection in law.

Mr Joyce Stevens, managing director of Express Newspapers, has written to employees telling them that unless to attend will for the May 14 publication day of the *Daily Express*, *Daily Star* and *Evening Standard*, Natsopa will make staff liable to dismissal.

Mr Victor Matthews, chairman of Express Newspapers, stated to BBC Television's *The Money Programme*, last night to give the unions four pages in the *Daily Express*, to put their point of view, if they worked normally. Natsopa had already submitted the text of quarter-page advertisements it wanted to appear in the papers, and Mr Edward O'Brien, the

union's assistant general secretary, said the offer would "not make much difference" to its members.

Mr William Keys, general secretary of the Society of Graphical and Allied Trades (Soga), which has obeyed the order in respect of its members at Express Newspapers, yesterday informed his union's members that the day of action, and it was unlikely there would be any newspapers on May 14. Soga branches had been sending in messages of support from Merseyside, Manchester, Glasgow and London.

Responding to Mr Thatcher's remarks at the Scottish Conservative conference in Perth, he added: "The words she has used to describe the day of action—'the day of action'—

destroying folly' could better be applied to her own Government.

The hard-line leftist strategy after May 14 is disclosed in a new propaganda pamphlet published today by the Communist Party. In it, Mr Michael Costello, the party's national industrial organizer, claims the campaign against the Employment Bill to the TUC's successful opposition to Labour's *In Place of Strife* and the Tories' 1971

Industrial Relations Act.

The Civil Service reaction to the protest is uncertain. Mr Kenneth Thomas, general secretary of the Civil and Public Services Association, said that

he would be "urging extolling, exhorting and recommending his members to join the action.

Letters, page 15



Paul Allen, aged 17, the youngest footballer to play in an FA Cup final, holding the Cup yesterday when the West Ham team was greeted at Newham town hall, London. Reports, pages 4, 10.

## Three-year limit on spending forecasts

By David Blake and

Caroline Atkinson

The Government has decided to plan its spending programme over three years instead of the present four.

The move to reduce the period over which the Government makes spending commitments was revealed last week by Mr Nigel Lawson, Financial Secretary to the Treasury, in a Commons debate. It has profound implications for the planning of public spending, although it seems to have passed almost unnoticed in the House of Commons.

Next year's public spending White Paper will give figures only until 1983-84, which is the termination date of the spending White Paper published this year at the time of the Budget.

Ministers have made it increasingly plain since taking office that they are sceptical of much of the detailed forward planning of public spending which goes on in Whitehall. The White Paper will this year give far less detail than previous documents about where the Government intends to spend money. The intention is to cut the length of time over which the Government makes any commitments of its spending intentions.

The driving force behind the change is to be Mr John Biffen, Chief Secretary to the Treasury, who has repeatedly argued against "futurology" in trying to predict what will happen to government spending and to the economy as a whole.

These reasons are as clear as the effect of shorter planning will be to introduce an even greater bias against capital expenditure. During the spending programmes of cuts during the 1970s, capital spending programmes bore the brunt of reductions in total expenditure.

The Government has expressed its determination to prevent public spending increasing rapidly as a consequence of economic growth. A new round of discussion on public spending which will provide the basis for next year's White Paper is well under way.

Ministers have made clear that, if preliminary work shows that public spending during 1981-82 is likely to turn out higher than they would wish to meet monetary targets, they will have no hesitation in imposing a further round of cuts.

## 'Make or break' print talks

By Our Labour Editor

Leaders of the National Graphical Association met the Newspaper Society yesterday for talks on a peace formula to end the seven-week dispute that has halted publication of most provincial newspapers.

The talks in London were described by Mr Joe Wade, general secretary of the NGA, as being a "make or break session" on the union's claim.

The employers are understood to have increased their offer and both sides expressed optimism that a settlement may be reached in the talks. However, Mr Wade said the last improvement was not enough and a gap still remains.

The Sunday People yesterday became the sixth Fleet Street casualty of the dispute.

## Forest fire threatens two villages

By Our Labour Editor

Dozens of people were facing evacuation from their homes last night as strong winds fanned a forest fire covering more than 800 acres in North Wales.

About 120 firemen and Forestry Commission workers were fighting the flames between the villages of Penrhynedraeth and Tan-y-bwlch in Gwynedd. The village of Rhed had been cut off by the fire, the Royal Automobile Club said.

Part of the route of the narrow-gauge Ffestiniog railway is surrounded, and 200 passengers had to be transferred to buses.

The fire started on Saturday and grew more dangerous with a sudden change of wind yesterday afternoon.

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## Planners upset by nerve gas secrecy

Council planners at Salisbury, Wiltshire, have objected to an edict from the Government's Property Services Agency that talks on the transfer of lethal nerve gas equipment from Cornwall to Porton Down should be held in secret. A councillor accused the agency of trying to hide behind the Official Secrets Act.

Continued on page 7, col 1

## Compromise sought on EEC budget

It is the role of president of the European Community, Italy is trying to salvage something from the failure of the Luxembourg summit over British policy contributions. Efforts are being made to reassemble a package with compromises, as far as possible, although nothing clear-cut will be ready for next weekend's reformed meeting of the Community foreign ministers.

Ministers' pay: Claim is being drawn up for £100-a-week minimum with differentials for the higher-paid being maintained.

The Netherlands: A four-page Special Report at the start of the new reign.

Classified advertisements: Personal.

Page 25-28: Appointments, 13, 24, 25.

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Arts, 9.

## HOME NEWS

## Suspicions harden on Iraqi involvement in siege at embassy

By Stewart Tindall

Crime Reporter  
A seventh member of the group that attacked the Iranian Embassy in London is being sought by Scotland Yard's anti-terrorist squad. They have found a flat in Earls Court, west London, used by the gunmen to prepare for the assault.

Suspicions have hardened that Iraq, wittingly or otherwise, was heavily implicated in the siege. The country has been at loggerheads with Iran for some months.

Scotland Yard confirmed yesterday that the police have been searching for a middle-aged man called Hamed Saeed Muhammad Ali, who is known to have an address in Baghdad, Iraq. He is believed to have masterminded the group as they made their plans for the siege, that their demands for a flight out of London would be met.

During the siege anti-terrorist policemen heard the gunmen discussing why the pledges they had received were not being kept.

Mr Ali is described as older than the gunmen, who were in their early 20s and going bald. He disappeared during or at the end of the siege last Monday, leaving no trace save a telephone number and address in Baghdad for the forwarding of luggage.

The address and the telephone number were found by police after they questioned a man taken from the embassy and raided flat three at 105 Lexham Gardens last Tuesday.

The police may have kept the address secret in the hope that Mr Ali might return.

The address and the details about Mr Ali add strong suggestions of Iraqi involvement, and the details may have been kept secret while Whitehall and Scotland Yard considered their response to that factor.

The address in Lexham Gardens is a brown-painted terrace

house less than 200 yards from Earls Court police station and in the centre of an area of bars, restaurants and tourist hotels.

It was easy for the terrorists, some of them apparently travelling on Iraqi passports, to merge into the large number of Middle Eastern tourists in the area.

Flats in the house, less than a mile from Princes Gate, are used mainly by Arab families. The decor is Middle Eastern and the tenants include the Qatar embassy on the lower floors, which uses the flats for visitors.

Five of the gunmen are believed to have arrived in Britain on March 31 and had, a few days in a boarding house elsewhere in the area.

On Easter Monday they moved

into the £140-a-week flat and were joined by the other two members of the group.

Mr Ali appears to have lived somewhere else as well and used the flat from time to time.

While the gunmen waited

they apparently went out and bought clothes and gifts for their families. They did not begin the siege before Mr Ali arranged for the growing pile of luggage

to be sent to Iraq.

On the morning of the siege

six young men took the siege down to the reception hall and told the staff that they were going to Bristol for a week.

Police last night searched

Earl's Court after a man

believed to be the seventh

member of the gang was reported to have been seen in a supermarket.

No trace was found of him.

Several hundred Iranian

marched through central Lon-

don yesterday behind the

coffins of the two diplomats

killed by the gunmen during

the siege. The bodies are to be

flown to Tehran today.

## Miners seek £100-a-week minimum in new claim

By Paul Routledge

The miners are drawing up another big pay claim that will dismay Cabinet ministers who have been trying to drive home the need for lower settlements.

The unpublicised final agenda for the National Union of Miners' annual policy-making conference in July shows that moderates and militants alike are united in their demand for a minimum wage of £5,000 a year in the industry. If conceded, that would push some face-workers' earnings, with production bonuses, above £10,000.

Scottish miners are making the running with a proposal that the union should achieve a £100-a-week minimum in the winter pay negotiations, with appropriate differentials for the higher paid. And miners from the same coalfield, traditionally a moderate group, are supporting their aspirations.

At present the lowest paid miners are on the surface, those not on site being £23.65 a week. The proposed new put forward would lift their wages by about 26 per cent, but as next year's wage deal will run for only 10 months from January 1 to October 30, the increase would exceed 30 per cent on an annual basis.

After the 1979-80 settlement face workers are now on a minimum rate of just under £102 a week, and the extension of such a claim would give them about £140 a week. With output bonuses, many would then top the £200 mark.

The Cumberland area wants

the miners' executive to test

the opinions of the men

immediately on the board's

about a second chamber would come after that.

Conservative reformers, with Lord Hailsham of St Marylebone, the Lord Chancellor, in the van, have for some time advocated action to forestall Labour. They believe it would be better to be safe with an elected second chamber than sorry with an abolished or emasculated House of Lords, which would leave the country with a one-chamber system, difficult to reverse.

Northern Ireland remains in the forefront, and last week Mrs Margaret Thatcher relegated talks on Lord Wade's Bill of Rights to the back of the queue. Apparently, talks

Leading article, page 15

## Lord Bethell's campaign succeeds in opening up intelligence files 69-year fiction over MI6 comes to an end

By Peter Hennessy

Whitehall has officially admitted that the British Secret Intelligence Service, MI6, exists in peacetime, 69 years after its foundation in 1911. Foreign Office files for 1948 containing references to MI6 and MI5, the Security Service, MI5, and the Joint Intelligence Committee of the Cabinet (JIC), previously not due for release until 2022, have been given to the Public Record Office in Kew.

In the past all governments have sustained the fiction that MI6 came into existence only with the outbreak of the last war in September 1939 (after a brief life in the First World War) and ended with the cessation in August 1945. All official papers, even if they merely alluded to MI6 on their distribution list, were exempted from the 30-year rule prescribed by the Public Records Act, 1967, and had 75 or 100-year closures placed upon them.

The change of heart in Whitehall was precipitated by a campaign mounted by Lord Bethell, MP for London North-West, the preparation of whose

newspaper article in The New

York Times on developments in germ warfare was to be



Sir Derek Ezra: Intelligence work in occupied Germany.

One of the more intriguing revelations in the newly opened papers is that Sir Derek Ezra, chairman of the National Coal Board, was a military intelligence officer in Germany after the last war. Sir Derek's entry in Who's Who refers simply to "Army 1939-47".

Bur document C 8504 in file FO 371/55798, discloses that Lt-Colonel D. J. Ezra in 1946 was secretary of the British Intelligence Objectives Staff responsible for acquiring technical intelligence in the Russian Zone of occupied Germany.

The work of the organization involved acquiring information on coal, industry, chemical warfare, radar and sabotage and reporting to the Berlin sub-committee of the JIC.

The Government has no intention of releasing the internal files of MI6, MI5 and the Government Communications Headquarters. Details of active espionage operations abroad, counter espionage work at home and the individuals involved in them are destined to remain secret indefinitely, stored in the registries of the Cabinet Office, Foreign Office, MI6 and MI5.

## Labour M defend TUC over protest

By Fred Emery

Political Editor  
Leading Labour no-cautiously came to the TUC yesterday for the need for a day

Air Denis Healey in a radio interview: "The dangerous thing about Thatcher is that she believes in bashing the she believes in confront

Interviewed on the World this Week shadow Chancellor Sir Denis Healey said: "The dangerous thing about Thatcher is that she believes in bashing the she believes in confront

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# The skies of the Far East are a second home for Swissair's DC-10s.

Every day a Swissair DC-10-30 takes off punctually from Zurich or Geneva for the Far East. Say for Jakarta, the newest of more than 90 Swissair destinations worldwide. This happens twice a week.

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But after getting to the Far East, our DC-10-30s are soon in the air again. This time with contented passengers aboard who enjoy Swiss hospitality on their way to other Far Eastern cities or Europe. (They appreciate an airline with 8, not 9 seats abreast in its DC-10s, and thus with more room instead of more seats).

For instance on a flight from Bombay via Bangkok to Hong Kong. Or from Bangkok via Bangkok to Manila. Or from Tokyo via Hong Kong to Karachi. Or from Bombay to Peking. Or from Singapore via Colombo to Bombay. Or all the way back to Europe.

Of course our DC-10-30s couldn't keep taking off from Zurich or Geneva for the Far East unless they also returned there. So now and again you may very well notice one of them winging its way back.

## SWISSAIR

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## HOME NEWS

## Council planners say government department is hiding behind secrets Act over nerve gas move

By Pearce Wright  
Science Editor

Equipment used for the development of lethal nerve gases and psychotropic chemical weapons is being transferred from Nancekuke, Cornwall to the Chemical Defence Establishment at Porton Down, Wiltshire.

The planning committee of Salisbury District Council was advised as a matter of routine by the Property Services Agency of the name of planning plant and effluent treatment tanks. Civil engineering construction at the Chemical Defence Establishment has started, and work on underground lead-lined storage vaults began more than a year ago.

However, the matter has not been examined by the local authority because some members of the planning committee object to an instruction from the Property Services Agency that the press and public must be excluded from any discussion.

Mr Austin Underwood, a councillor, said yesterday that the instruction was an example of the government's attempt to hide behind the Official Secrets Act, which he says is the last refuge of the scoundrel.

He believes that developments on Crown lands are pursued without much reference to local authorities.

In the case of the transfer from Nancekuke to Porton Down, he says, it was outrageous to attempt to suppress a proper examination after giving out certain details. There could be no question of discussing a formal planning application in secret.

The Property Services Agency has been told of that decision. Mr Julian Perry Robinson, an

observer of current negotiations in Geneva on chemical disarmament, said yesterday that there was a genuine argument for the production of small quantities of some types of nerve gas so that it could be used for assessing the threat of certain forms of those com-

ponents.

The visit showed what could be achieved by inspection, because the agreement would hinge on whether the activities of the main powers could be verified. All that was left at Nancekuke in operating condition was a small furnace that was burning some old stocks of mustard gas.

The group also toured a factory belonging to the chemical company, Albright and Wilson. That visit was organized to illustrate how to avoid arguments that commercial security could become a screen for other activities.

The factory was using organophosphorus materials for industrial purposes; modern lethal chemical weapons are also based on organophosphorus compounds. There are three main substances in use. Some are known by the initials GB, Sonar, or GP; and an agent referred to simply as VX.

In a review of chemical warfare and chemical disarmament negotiations in an issue of *Scientific American*, Professor Matthew Meselson, of Harvard University, and Mr Perry Robinson suggest that one milligram of Sarin, or less than half a milligram of VX, is a lethal dose.

Sarin and VX are the two standard nerve gasses in the United States' stockpile, and the Soviet stocks, according to Western experts, contain mainly Sarin.

About 15,000 tons of Sarin had been produced up to 1960 and 5,000 tons of VX was made between 1961 and 1967.

## Output starts this week of new Ford engines

By Peter Waymark  
Motoring Correspondent

The range of advanced overhead camshaft engines which will power the Escort replacement and other Ford cars goes into production this week at the £180m engine plant, built with government assistance, at Bridgend in South Wales.

Known as CVH, for compound valve angle hemispherical chamber, the engine will be produced in three sizes—1117, 1296 and 1597 cc—with five power outputs. Apart from the new Escort, it is likely to be used in Cortina, Capri and Fiesta models.

Routine servicing of the engine, which has an aluminium cylinder head and camshaft supported by five bearings, it is said to be less than one hour for each year of average motoring. On the 1300 and 1597 cc versions, which use breakerless ignition, the time is less than 45 minutes a year.

In the first year of production, more than 500,000 CVH engines will be produced at Bridgend, two-thirds for export. The factory cost £180m to build and 60 per cent of which the government contributed £70m.

The engine will also be produced in the United States at the Rouge plant in Dearborn, Michigan.

The Escort replacement, codenamed Erica, is expected to be launched at the Paris Motor Show in early October.

## Million low-paid 'will have higher tax rate'

By Pat Healy  
Social Services Correspondent

income supplement (FIS) because of low wages, but also paying tax, will have their tax rate increased by 5p in the pound.

For them an extra £1 on wages could be reduced to only 13p more money after taking account of higher tax, National Insurance contributions and the loss of means-tested benefits.

In addition the Government's decision to raise child benefit by less than the amount needed to compensate for inflation while raising substantially the number of families entitled to FIS will increase the number of families caught in the poverty trap.

Those decisions, the unit says, amount to a switch in family support from universal child benefit to a second reading of the Finance Bill.

The unit says that the Budget, presented in March, will mean that families with incomes below £500 a week will be worse off. Increased prescription charges, school meals, rents and fuel prices will cut the living standards of all those earning less than £500 a week by a mean test.

The abolition of the 25 per cent reduced rate of income tax will be blamed particularly for adverse effects on poorer families. The unit says that 1,250,000 low-paid workers will start paying tax at 30p in the pound, 5 per cent more than at present, and have a higher starting rate than anywhere else in the world except Australia.

National Insurance contributions rose last month, although the real value of many benefits is to be cut by 5 per cent in November.

Absorbing the reduced rate tax will also deepen the poverty trap, which will mean income from means-tested benefits and wages rise. Well over half the 64,000 families receiving family

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A mounted policewoman charging into the crowd that invaded the Hamden Park pitch

## Crowd curb plan after violence

From Ronald Faux

Crowd curb plan after violence

By John Young  
Planning Reporter

The question of policing such matches and controlling the crowds would be reviewed urgently. The violence, he said, had involved only a minority of spectators. He described it as "mindless thuggery aggravated by drink".

The Celtic Supporters Association yesterday blamed lack of police at the ground for the disturbance. The Rangers Association said any member arrested on the pitch on Saturday would be dealt with severely.

Mr Ernest Walker, secretary of the Scottish Football Association, said he had been "disturbed and disgusted" by the violence.

Mr Malcolm Rikind, Scottish Office minister responsible for law and order, yesterday congratulated the Strathclyde police on their handling of the violence. Their action, he said, had prevented an ugly disturbance from becoming a full-scale riot.

The incident had shown how

right the Government was to be legislating in the Criminal Justice Bill to prevent alcohol from being taken into football grounds. The Rangers-Celtic Glasgow cup final, which was to have been played tonight, has been postponed.

Match report, page 10

## FA Cup winners feted in the East End

By a Staff Reporter

The East End of London was a colourful blaze of blue and claret yesterday when an estimated 210,000 football supporters welcomed home West Ham United, winners of the Football Association Cup on Saturday.

To the cheers of happy supporters and the sound of the team's song "I'm forever blowing bubbles", the players were given a rousing Cockney reception after being driven triumphantly from central London.

Thousands lined the route to catch a glimpse of the victorious second division team being driven in an open-top coach to their reception in Newham town hall. There the team stood on a balcony draped with the message "Welcome to the Hammers", holding aloft the

FA Cup and being cheered by 10,000 supporters below.

The team was overwhelmed by the size of the turnout. Mr John Lyall, the manager, said: "It is incredible to see so many here. I do not think another team could expect this sort of welcome."

Mr Lyall said many of the players came from the area or had relatives still living there, so the team had a great identity with the East End.

Trevor Brooking, who scored the goal that gave West Ham victory over Arsenal, said: "The win has lifted the whole area. It means we shall be playing in Europe next year and I am as pleased for the fans as I am for the team. Scoring the goal was a bit special. It is something to savour in years to come, but

it was a team effort and everybody did their job."

There was a carnival atmosphere all along the route as cheering, chanting, singing supporters waited in lorries, vans and cars, with blue and claret ribbons streaming from their handles, hooting their horns in celebration, youths standing on the pavements cheering: "We won the Cup."

The centre of attention at the town hall was Paul Allen, aged 17, the youngest player to appear at Wembley in a Cup Final. He was surrounded by autograph hunters and said: "It really is a great turnout from the fans. I am just happy to be here and to have had the opportunity to play."

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Match report, page 10

## WEST EUROPE

**Editor fined in Spain for article on freedom**

From Harry Debelius

Madrid, May 11

The editor-in-chief of one of Spain's leading newspapers was given a suspended sentence of three months and was fined 50,000 pesetas (£313) this weekend for publishing a leading article on press freedom. The sentence came after a week of remarkable legal decisions.

The conviction of Señor Juan Luis Cebrián of *El País* was met with public anger. He was tried after the public prosecutor appealed against a Madrid district court's decision which had acquitted Señor Cebrián of contempt of constituted authority and had fined him 5,000 pesetas for the lesser offence of a "lack of consideration or respect".

Señor Cebrián did not write the article published two years ago under the title "Press and Democracy", referring to the convictions of other journalists, but accepted responsibility.

It argued that courts were applying outmoded legislation against representatives of information media in contrast with the post-Franco constitutional guarantees of freedom of expression.

By coincidence, the monthly *World Press Review* of New York named Señor Cebrián editor of the year on the same day his sentence was announced.

On Wednesday a court martial in Madrid convicted two military officers on police duty of conspiring to overthrow the Government, but it dictated sentences so light that the officers will not be obliged to go to jail.

The two were freed and reinstated in the military establishment, and one of them is expected soon to receive an automatic promotion.

On Friday, Spain's central economic-administrative court overruled a lower tribunal's conviction of General Franco's daughter, Señora Carmen Franco, on charges of violating currency regulations by attempting to take 38 gold and diamond-studded medallions and insignia out of the country in April 1976.

## Italians try to work out package deal on British EEC dues

From Charles Douglas-Home

Rome, May 11

Italy, as the current president of the EEC, had started the attempt to salvage something from the failure of the Luxembourg summit to reach agreement on Britain's contributions to the Community's budget.

Efforts are being made at the official level to reassemble a package with compromises all round, though nothing clear-cut will be ready for next weekend's informal meeting of foreign ministers in Italy.

Italy and most other members of the EEC hope for an agreement which will include a 5 per cent rise in farm prices by May 31 which is the official end of the agricultural marketing year. Britain is less impressed by this deadline and will hold out beyond it, if necessary.

Another pressure comes from the stated refusal of President Giscard d'Estaing to meet Helmut Schmidt, the West German Chancellor, to discuss the British budgetary problem again at the Venice summit in June. However, Britain has privately warned the Italians that it would take a dim view of any attempt by the other eight EEC partners to preempt this period of bargaining with a majority vote to bring in farm price rises immediately.

In the British view, that would provoke a different level of bitterness within the Community.

Though relatively small sums of money separate Britain from the relief on offer from the other partners, the key element which remains unsatisfactory to Mrs Margaret Thatcher is that the arrangement would provide only for 1980-81 and 1982. The British Prime Minister is concerned to avoid the possibility that another vexatious negotiation like this year's would coincide with the next British general election, leading to a situation where the creation of membership of the Community would again become a live election issue.

The British are confident that the Italians understand this, though relatively small sums of money separate Britain from the relief on offer from the other partners, the key element which remains unsatisfactory to Mrs Margaret Thatcher is that the arrangement would provide only for 1980-81 and 1982. The British Prime Minister is concerned to avoid the possibility that another vexatious negotiation like this year's would coincide with the next British general election, leading to a situation where the creation of membership of the Community would again become a live election issue.

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point and sympathize with Mrs Thatcher's argument. The French do not believe that the French and the West Germans accept the point, even though Signor Francesco Cossiga, the Italian Prime Minister, has arranged for Mrs Thatcher to have private talks about it with the French and German leaders.

Even Italian officials, however, point out that one way round the problem would be for Britain to forfeit the third year of the mechanism so that the next negotiation on Britain's contribution would come a year earlier, in 1982 long before a likely election.

Britain would not think much of this permutation, but officials, recognizing that the final package pre-Venice will have to contain something for everybody to claim a victory for the Community as a whole rather than a verdict on a straight Anglo-French conflict.

Britain also accepts privately that the proposed 5 per cent increase in farm prices is bound to be part of the package, while sources in Rome recognize that the German and French withdrawal of their Luxembourg offer is just a bargaining position and that they will be obliged to come back with more on the table.

The Italians are most nervous about the French position. There is surely some irritation in Rome on account of the fact that the Italian Government believes that President Giscard d'Estaing has messed up the EEC initiative on the proposed neutralization of Afghanistan.

In March, the Italians, through the Italian Communist Party, received messages from what they describe as "moderate" Soviet government elements to encourage Europe to persevere with the neutralization proposals for which there was some hope, it was alleged.

There hopes were dashed. Mr Andrei Gromyko, the Soviet Foreign Minister, "aborted" Paris's rejection of the idea bluntly. His rejection, according to the Italians, occurred because President Giscard d'Estaing had pushed the idea too publicly, threatening to put Mr Gromyko in a corner about it.

These problems were many and manifest at the conference,

although they were largely of

colonial past. The summit, which was created at the initiative of France, has been found increasingly useful to the African countries since it makes them part of a lobby with a powerful voice that of France in the world.

The Organization of African Unity (OAU), which President Séraphin currently leads, has

already made one attempt to

keep on living for a

second, to negotiate, to achieve a discount through

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ambles OVERSEAS

## Washington recalls ambassadors to Egypt and Israel after Palestinian autonomy talks stall

By David Cross  
Washington, May 11

President Carter and his new Secretary of State, Mr Edmund Muskie, are urgently engaged in Palestinian autonomy talks, the wake of President Sadat's decision to suspend negotiations with Israel.

Mr Muskie, who was sworn in office last Thursday, recalled ambassadors from Israel and Egypt for consultations this weekend with himself and Mr. Linowitz, Mr Carter's special Middle East envoy. Mr Linowitz, who returned from the Middle East last Friday, was due to meet the President after the visit to the State Department.

The new diplomatic activity reflects growing concern that the May 26 target date for agreement on the question of self-determination for Palestinians living on the West Bank in the Gaza Strip is fast approaching with no sign of progress.

This was the reason President Sadat decided to postpone negotiations indefinitely last Thursday. The next round of autonomy talks was originally due to begin in Egypt tomorrow but Mr. Sadat said he needed time for reflection.

The meetings here are designed to find ways of breaking the stalemate. Although the Egyptian and Israeli leaders agreed during separate talks with Mr. Carter in Washington last month to speed up the negotiations, virtually no progress has yet been made on reconciling their differences.

## Iran President wavers in his choice of Premier

By Tony Allaway

Teheran, May 11  
President Abolhassan Banisadr of Iran appeared to waver today in his choice of Prime Minister, a move seen as an attempt to restore his political weight.

Although an authoritative local newspaper had quoted him as saying that the Prime Minister would be named today, no such announcement had been made by this evening and other sources said it might be delayed until later in the week.

Amid indications of heavy pressure from behind the scenes from the powerful Islamic Republican Party (IRP), observers said it was possible he might make no appointment at all and wait for the first Islamic Parliament.

The IRP had been banking on using its weight in Parliament to press some of its own men into the Government. But the latest election results indicate that the party has not done as well as had been forecast and will form a minority.

Sources say a leading choice for the premiership, the moderate, Mr. Ahmad Madani, might be ruled out because of the conditions he has set for his appointment.

## Weekend Libyan killings speed British decision

By David Spanier  
Diplomatic Correspondent

A decision is expected in the next day or two on action against Libyans in London suspected of engaging in terrorist activities.

Lord Carrington, the Foreign Secretary, is considering as a matter of urgency what needs to be done, after the latest murders in Italy and West Germany.

While there is a difficulty in declaring persons not state members of the Libyan People's Bureau, who may not all be accredited as diplomats, other means of ensuring their departure will be found.

The best solution, after the precedent set in Washington, would be if the Libyan authorities took steps to remove the offenders themselves, and recall them to Tripoli.

**Bon killing:** A former Libyan diplomat living in West Germany was shot dead by another Libyan in the midst of Saturday

morning.

**Obote:** Dr Obote, a former

Uganda Army chief accused of attempting a coup

Continued from page 1

Other parts of Kampala were quiet. Extra troops were on guard outside the Post Office and the radio and television studios, but there were no military patrols in other areas today.

Tension had been building in Uganda for months, and President Binaisa recently blamed the wave of murders and violent crimes in Kampala on political parties, but there were no military patrols in other areas today.

Dr Obote claims widespread support throughout the country, but this is disputed by other Ugandans.

Many Ugandans have expressed fears that a military coup might be launched to restore Dr Obote to power. Dr Obote, who has been in exile in Tanzania since early in 1971, recently announced that he would return to Uganda later this month to lead his Uganda People's Congress.

Dr Obote and the Congress say they will defy a ruling by the National Consultative Council that individual political parties may not stand for the elections to be held later this year.

President Binaisa says that the ban on individual parties does not bar any Ugandan—Dr Obote included—from standing as a supporter of the ruling Uganda National Liberation Front. He says that the council's decision was taken to avoid the chaos which would result

said today: "Our people are really scared." He said the discovery of the cache showed the settlers were putting into effect their decision to form a private army.

"Every Arab institution will be a target," he said. "Every person walking in the street will be in danger."

According to the police announcement, a warrant officer and a corporal were detained this weekend in connexion with the theft of the explosives which were found on Thursday on the roof of Yeshivat Hakotek, a religious seminary near the Wailing Wall.

Early rising students saw two men in army uniforms carrying boxes covered with straw to the roof, according to the police statement. They informed the school authorities who then called the police. The boxes contained 264lb of TNT and quantities of hand grenades, pipe grenades, fuses and detonators.

The find followed ominous statements by Jewish settlers last week that they were collecting weapons and intelligence to take care of themselves since the Israeli defence forces were handicapped by political restraints.

An Arab in the former Jordanian sector of Jerusalem

Another candidate widely tipped for the post, Mr Ezzatollah Sabahi, has said publicly that he has spurned the offer.

Two other names being canvassed are the former Labour Minister, Mr Daryoush Forouhar, and Mr Saeq Tabatabai.

The results of last Friday's second round of voting for Parliament, which officials now say were supported this weekend by former Major General Rehavam Zeevi, adviser on terrorism to the previous administration. He attributed the growing Arab violence to the Government's ambivalence and permissiveness which, he said, enabled outright supporters of the Palestinian terrorists to be elected mayors of Arab towns.

Of 132 second round results announced, the Grand Coalition of supposed Islamic hardliners, including the IRP, took 64 seats to the 65 won by largely unknown independents, in most cases local notables of uncertain political persuasion.

Mausoleum dynamited: Workmen today tried to blow up the massive white-stone mausoleum in south Tehran built by the former Shah for his father. More explosives will be used.

An American woman held here on spying charges, was named by the Swiss Embassy today as Miss Cynthia Dwyer, a freelance journalist in her early thirties—Agence France-Presse.

## Uganda Army chief accused of attempting a coup

Continued from page 1

A crucial question is how strong is Brigadier Oyite-Ojok's personal following in the Uganda Army, which has only recently taken over security duties in the Kampala area from Tanzanian troops, and whether the soldiers will enter the political arena.

The cousin, Mr. Muhammed Fadi Kazmi, was interrogated for 18 hours by magistrates and then arrested on a warrant accusing him of complicity in Abdallah Muhammed Karim's murder.

Mr Kazmi was the third prominent Libyan murdered in Rome this year. Two Libyans have been killed in Britain.

Italian police believe Mr. Kazmi was the latest victim of Colonel Gaddafi's campaign against opponents and possible links with the Bonn and London killings are being sought by West German police—Reuters.

power ceremony in Vienna. But the most urgent business of the week is before the EEC.

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They need to coordinate their attitudes to the Olympic Games; the official view on European participation can hardly be put off any longer. The West German Olympic Committee is expected to deliver its verdict on Thursday.

The ministers ought to take

stock of the Middle East where the European initiative launched by Lord Carrington aimed at re-establishing the Palestine Liberation Organization with the autonomy negotiations, is hanging in mid-air.

In addition, it would be a great relief to all concerned if the foreign ministers could bring the long-running dispute over Britain's contribution to the EEC budget to a conclusion.

Overshadowing these decisions is the profound unease that the European allies feel about the conduct of American foreign policy. Mr Muskie's task at least for the time being, the Europeans are well placed to play a role.

The hostage issue takes precedence over everything else to an alarming extent although the Europeans believe that the Soviet intervention in Afghanistan is an immeasurably more dangerous event.

## Two bandits and sheriff die in chase after hold-up

Los Angeles, May 11—Three suspected bank robbers were arrested yesterday after a bloody battle involving guns and explosives and a 40-mile chase through mountains near here which left two of the gang and a sheriff dead.

A police helicopter was forced down during the chase after it was hit by gunfire.

Five masked gunmen held up a bank in Norco, California, on Friday night just before closing time, police said. They ordered employees to lie on the ground and escaped with \$8,200.

Police arrived as the bandits drove off in a stolen car, and shooting started. The car was riddled with bullets and the driver killed. The four gunmen then transferred to a lorry and with police in pursuit raced 40 miles through the mountainous and wooded San Bernardino Valley.

The gunmen tried to fend off police with home-made explosives and a deputy sheriff was killed.

The wounded gunman hid on a steep and bushy hill during the night, but were rushed by police at dawn on Saturday. Three of them gave themselves up, police said. A fourth, hiding in a ravine, was spotted in the afternoon by a helicopter equipped with a body-beat detector used in the Vietnam War. He was shot after he failed to obey orders and was killed.

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## European unease at US policy overshadows Nato and EEC meetings

### Moves to rally demoralized Atlantic partners

By David Spanier

Diplomatic Correspondent

This week sees an important series of meetings for the Western alliance. Defence and foreign ministers of the Nato countries meet in Brussels on Wednesday to rally the somewhat demoralized Atlantic partners. Their aim is to show how seriously Nato views events

power ceremony in Vienna. But the most urgent business of the week is before the EEC.

The original idea was for the foreign ministers to slip away to some secluded spot to reflect at leisure on how the world was going. But the pressure of events has made this particular meeting an occasion for hard decisions; the buck stops there, so to speak.

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The ministers ought to take

both sides of the Atlantic.

As a friend, Lord Carrington offered some suggestions to Washington about what might be done to help bring about the release of the hostages in Teheran. He spoke in terms of building on the international opinion that denounced the taking of hostages in the first place, looking in particular to the Islamic summit meeting later this month.

In addition, it would be a great relief to all concerned if the foreign ministers could bring



## SPORT

## Football

## West Ham's vision of glory carries the day

By Norman Fox

Football Correspondent

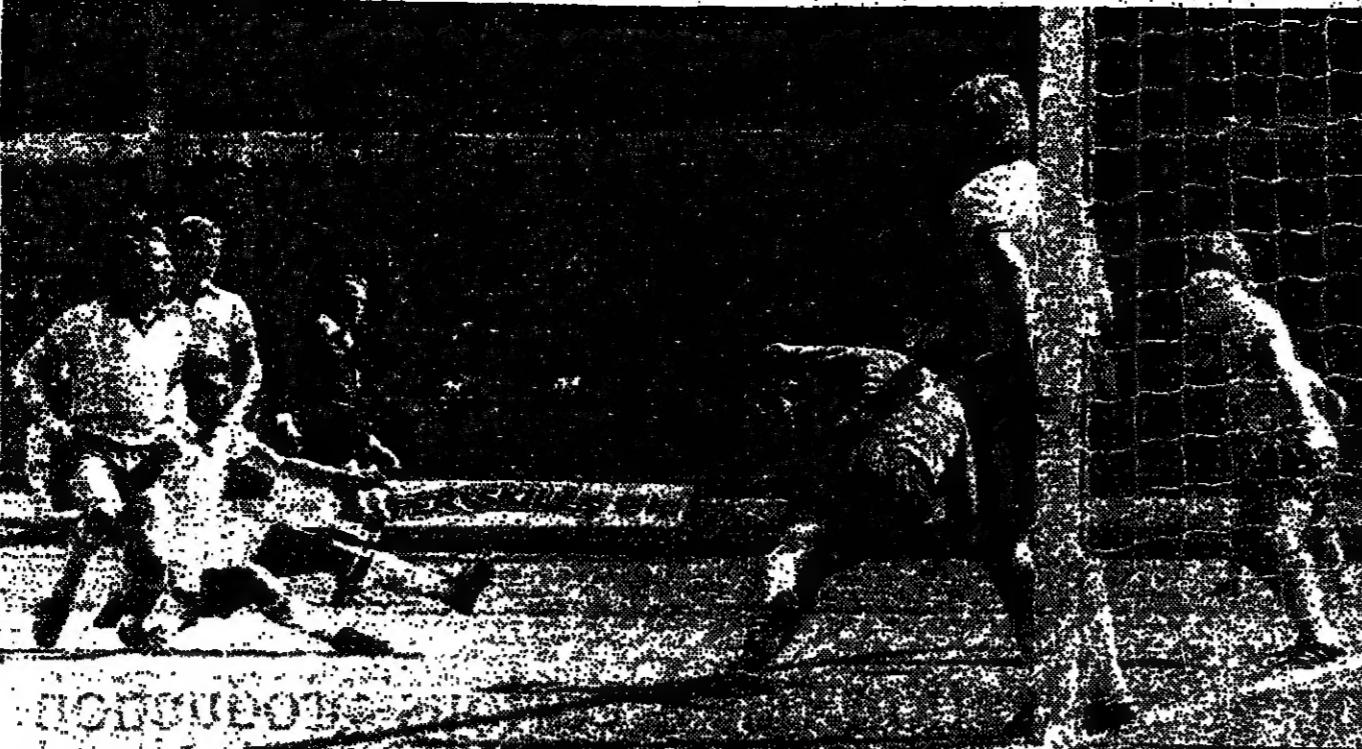
Arsenal 0 West Ham U 1

In hindsight the victories in the 70s of Sunderland and Southampton should have been more prominent in the argument for another second division club, West Ham United, plucking the FA Cup from the grasp of the holders, Arsenal. by one goal, after an extra time, a glorious May afternoon at Wembley and defended with a stubbornness that few believed was in their soul. Arsenal discovered what it was like to play against their own metics.

The achievement was estimable. West Ham played some delightful football before ruing the gallantry of Alan's response in Brooking they had had the day's supreme player; a man of dignified composure, he was master of a delicate situation, in which, in the end, the natural spirit of West Ham had to be muted in the interests of a victory that was colourfully shared by the East End crowds. That tactical self-restraint was a compromise, but it was the most appropriate way for the devilish sunshine it was not for West Ham to feel guilty that they may have conceded their principles of open attacking football. They were the underdogs.

As in the last half-an-hour of the semi-final, West Ham had to play their blarins in the bugs of West Ham's defence invariably frustratingly relentless but proselytising Arsenal nearer to their point of exhaustion than any time in the 90 minutes. Liverpools semi-final, matches against Liverpool. How much has been left in reserve for Wednesday's European Cup Winners' Cup final against the pace of Kempes for Valencia. In Brussels, it was more a matter of psychology than muscular strength. Defeat at Wembley, especially for such clear favourites, usually required a summer's healing time. Arsenal have been given four days.

Attention were transferred in the final to the two most unlikely Dons, who had begun with a characteristic willowy run past three comparatively pedestrian Arsenal players but were not to have been as brightly as had been hoped. Dennis and his colleagues once behind them turned the ball across goal, Jennings reached to cause a slight deflection and Cross tried an indecisive shot that was



A supreme moment for the game's supreme player. Brooking (centre) heads past Jennings for the only goal of a mild but engrossing Cup final.

blocked. Pearson then took possession and he too attempted a shot but from wide of goal and then turned into a head centred by Brooking slipped in behind. He is not usually one for going in head first.

Arsenal could not be sure that patience and hard work would be enough. Nelson was the last of the three successive cup winners necessarily to combat West Ham's sudden vision of glory. In midfield, which is Arsenal's heart, it was West Ham who first to the tackle and left Nelson for Devine, the need to be well organised in the penalty area.

Bonds and Martin dominated

Stapleton and Sunderland, a trap in the path of Brady's weaving groundwork while Brooking this season. Their efforts were still complimented by the industry of Pike, who was always

Pearson, withdrawn from full involvement in attack, was in seventh heaven, revelling in the atmosphere and playing confident and free. He had the desire to fend for himself, against Young and O'Leary.

Although Parkes did have to make a few demanding saves, most of West Ham's outstanding defensive work deserved a share of the credit.

When Arsenal declared complete commitment to attack by bringing on the most adventurous Nelson for Devine, the need to be well organised in the penalty area

available to receive the ball played out of the area, and Brooking who was prepared to tackle back and, indeed, brilliantly did so, Bradby in a moment of real danger.

The fact that West Ham scored so early in the match should have given Arsenal ample time to recover. Their failure was not for want of intent, but for the way they took them. Even Rix, an ever moving provider, eventually tired and left Arsenal to rely on Nelson and Devine to go forward and drive counter-attacks into the penalty area. The cause was lost to the diligence of Bonds.

A half-time thought that West Ham would need to be positive in order to be safe groundless, a combination of Arsenal's

increasing tiredness and West Ham's unusual belief in their ability to defend a small lead was not something one would have predicted. In final, Arsenal could have lost by two goals and still had no reason to complain.

As Alan broke away with only Jennings between him and the goal, the sublime dream, Young callously dropped the ball behind him. The youth showed commendable self-control but the offence was an affront to the good spirit of a mild but engrossing final.

Devine, 19, and Nelson, 21, were the only ones to score. Rix, 21, and Brady, 20, off 13 overs to keep Somerset's hopes alive. Shepherd and Dilley, with three wickets each, saw Kent home.

## Cricket

## Kent attack gives them revenge on champions

By John Woodcock  
Cricket Correspondent

WORCESTER: Worcester, 1st, 2nd and 3rd innings wicket

War Indians 26 runs ahead of the

West Indians.

Only a delightful jamboree by

Kallicharran and a ninth wicket

partnership of 66 between Garner

and Marshall enabled the West

Indians to gain a first innings

lead of 14 over Worcester.

Last night, therefore, and in

Worcestershire's first innings

100, I gather, he was the West

Indians fast bowlers no chance of

catching up with him.

To almost every ball he re-

acted, to block over two, then

sometimes four, feet outside the

leg stump. From wherever distance

he took a eye-and-sense of timing

blows. In the end, he was 45 in

24 overs, he successfully hit

his wicket. Whether he thought

he was making fun of the West

Indians I am not sure; to anyone

who knows the game, he did his

own roundabout good.

Turner came in on Saturday

evening at seven for three, Kall-

charran made 82. Several times

he had got out when they were

needed. Greenidge, Richards,

Haynes and Lloyd made 26

between them, all of them falling

as am afraid, to fellow-West

Indians. Garner and Marshall were

not far behind. As Gibbs used to be

Hines Johnson.

As a inducement to counties

to field their strongest sides, and

not to be afraid to let them

make motor accessories, now

offer generous rewards to sides

that win these matches outright.

There is, in fact, a "jackpot" of

£10,000 for the winning side

every year, every match a lottery

prize, and a possibility pre-

cluded by the English climate.

In 1948 the Australians scrounged

their way around England, win-

ning their first eight matches

without losing a game, and as soon

as they set foot in Manchester,

though, the weather defeated them.

There was no question now of the West Indians

carrying all before them.

In 1949 Worcestershire's first

team, in fact, Birmingham's And

trials were made up entirely of

home-grown players. By contrast,

West Indies' first

team, in fact, Birmingham's And

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## N.V. SLAVENBURGS BANK

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## No growth expected this year

Although the Netherlands Zijlstra, the former Prime Minister, who now presides over the Dutch Central Bank, and one of the highest wage-levels in the world are usually cited as the main culprits.

But the Netherlands diversified insufficiently into new industries to replace the traditional ones—ship-building is one of the more recent victims, which are some

specularly, others slowly but surely, losing the battle of the new international economic order.

This was against a bleak general economic background. At least as late as September Mr Frans Andriessen, at that time still the Finance Minister, in presenting the Budget to Parliament spoke grimly enough about the expected growth rate of 2.5 per cent. Five months later, Mr Andriessen was in a far grimmer state of mind. New calculations—incorporating the effect of the continuing dramatic rise in the energy prices—had revealed that the growth rate in 1980 would be, at best, zero.

Mr Andriessen resigned, not because he felt responsible for this sorry state of affairs, but because he felt he could not share the responsibility for the emergency measures decided on by the rest of his colleagues in the Cabinet.

In the opinion of Mr Andriessen these measures did not go far enough.

Coming from the Finance Minister, this is perhaps not surprising. Coming from such a dyed-in-the-wool politician as Mr. Andriessen, for years one of the most influential Christian Democratic parliamentary leaders, it is a clear warning on the severity of the situation.

Mr. Andriessen's main worry, as Finance Minister, was the continuing rise of the deficit of total public income over total public expenditure, which will reach the unprecedented level of 6.5 per cent of the national income this year. If nothing is done, according to Mr Andriessen, the Government could have to borrow publicly more than £4,000m, which could lead to a serious disruption of the financial markets, send already high interest rates soaring, and force private seekers of capital from the market, thus forfeiting any chance of reducing unemployment.

More than 210,000 people are officially registered as unemployed—nearly 5 per cent of the working population—but it has been suggested that this figure is in fact about twice as high, if one takes into account that probably several hundred thousand people are receiving disability pensions more for social than for strictly medical reasons.

For the first time in 20 years a majority of the Dutch are going to find their income, in real terms, will not be rising this year: in most cases they will be lucky if they more or less manage to hold on to what purchasing power they have.

This is the result of the Government's decision not only further to curb public spending but also severely to curtail wage rises until the end of the year. Wage levels will be frozen, and salary increases caused by rising prices will also be limited—for instance, by not taking into consideration the rising cost of energy.

As a result, the purchasing power of the average Dutch wage-earner, married and with two children, who earns 34,000 guilders (about £7,500) a year, is going to fall by between 0.5 and 1 per cent, while the purchasing power of those with higher incomes will be reduced by even more. Only those earning minimum wages will escape unscathed, although the Government has not made the same promise to people living on social benefits: the level of which are linked to the minimum wage.

Two years ago Mr. Van Agt, the Prime Minister, and his colleagues introduced an ambitious and controversial plan, known as Blueprint '81, aimed at reducing public spending by 10,000m guilders (about £2.25m) over a three-year period. But by the beginning of this year it was felt that it would be necessary to cut public spending by a further 3,000m guilders, although Mr. Andriessen resigned because he felt the figure should be at least 4,000m guilders.

Half of the cuts of 3,000m guilders will have to be found in the Budget for 1980. Another quarter will come from lower government contributions to social benefits, and the rest from reductions

"Foreign policy?" the alliances with neighbouring states.

It took the Nazi occupation of Holland in 1940 to make it clear to the Dutch that the tradition of strict neutrality did not always affect on the South African economy.

Dutch foreign policy, which refers to the Middle East has long been in support of Israel, and has been supported by the vast majority of the Dutch population and, at having failed to speak out against the evils of the Nazis. This stand led to Holland being singled out together with the United States—for an Arab embargo after the Yom Kippur war in 1973.

But old habits die hard. While successive foreign ministers in the postwar era have worked hard towards European unity there are, and always will be, certain specific ideas which the Dutch want to pursue irrespective of whether partners are ready to follow suit or not.

One characteristic of Dutch foreign policy has been a certain idealism. Critics sometimes attribute this to Holland's relative lack of experience in international affairs. The Dutch emphasize respect for human rights and on the duty of developed nations to alleviate poverty in the Third World may seem a bit naive at times. But this attitude has probably more to do with Dutch Calvinism than with a lack of worldly wisdom.

Holland's strained relations with South Africa may serve as an example of how the Dutch practise the tenet that one should be one's brother's keeper. There have always been strong links between the Dutch and the Afrikaans-speaking whites of South Africa: the languages are sufficiently similar and there are important religious ties. The Dutch feel strongly about apartheid—they take it as a personal insult that it is about the only Dutch word known all over the world. It is abhorrent to a great majority of the Dutch population that a closely-related people such as the Afrikanders still cling to this iniquitous system. No doubt similar feelings about a none-too-clean human rights record in the former Dutch colonies also play a role.

Hence the constant pressure in Parliament and outside in the Dutch Government to proclaim economic sanctions against South Africa in the form of an oil embargo.

When De Chris van der Klaauw, the Foreign Minister, stated in a debate in the Dutch Parliament that sanctions against South Africa would be effective only if the whole European Community were to agree to them, a majority of parliamentarians interpreted this as going back on an earlier, tougher position. A resolution was adopted telling Dr. van der Klaauw to try to reach agreement with the European partners by June. Should these talks fail, Parliament is certain to call on the Government to proclaim an oil embargo together with the membership.

When the United States seemed about to start production of the neutron bomb, church leaders and left-wing activists denounced this step, and the US signed by more than million Dutch people.

Late last year, the Dutch Cabinet was in trouble, over the modernization of the West European missile range nuclear arsenal. By refusing to commit its definitely to Nato to defend the new weapons on Dutch territory, did the right-wing Cabinet score through a fierce parliamentary debate. Had it more gone along with the other Nato partners without such a gesture the Government might well have failed.

James Kliphuis

## A branch in the smallest village

Four big banks in The Netherlands—ABN, Rabobank, Amro and NMB account for between 85 per cent and 90 per cent of the total balance sheet volume of all the Dutch banks. In some quarters it is alleged that the banks operate oligopolistic market conditions because of the apparent similarity of their offering. The claim is that the figure should be at least 4,000m guilders.

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in national coverage there, are, however, noticeable variations that reflect the differing origins of the banks.

ABN is best known abroad. When it was set up in 1966, the Nederlandse Handelsmaatschappij, one of the two banks from which ABN was formed, already had an extensive network of about 200 offices, and was well represented in South America. Expansion has been modest in Europe, the Middle East and North America, following the flag of Dutch industry, and foreign business now accounts for about one-third of the bank's earnings. There are 10 offices in the United States, the last having been opened in Pittsburgh this year. The purchase last year of U.S. Salers National Bank of Chicago for \$82m added 2,000 fl in the balance sheet total of \$5.85bn fl.

Nearly twice as many of the 1,555 extra staff employed last year were needed for operations abroad than were required at home—further indication of the bank's expansive policy.

Third in size, the Amro Bank operates a dual system of representation. It has its own offices in London, Tokyo, Dubai and Singapore, but operates otherwise through the European Banking Group International, giving a worldwide coverage of 10,000+ banks. Prominent on the Eurocurrency market, Amro last year managed a \$100m Euro issue for Unilever and of eight guilder notes issued, the bank managed one and was co-manager for another five.

Internationally, Rabobank's profile is perhaps lowest in relation to its size and importance at home. Set up in 1972 after a merger between two big cooperative banks, Rabobank (which at the beginning had a strong agricultural base and has interests in developing agricultural business in North and South America as well as in the Third World). Last year an office was opened in Curaçao, but the bank continues to do most of its foreign business through the Unic Bank Group.

Although it is more solidly represented on the domestic market, efforts are being made to diversify. Euroned Nederland BV, taken over recently this year for 2m fl, will give Rabobank a 30 per cent interest in the credit card business abroad, along with the Nederlandse Bankvereniging on behalf of the commercial banks (ABN, ING and the Nederlandse Spaarbanken). In Europe.

Apart from NMB, which has a balance sheet volume of about half that of the other three members of the big four, there is little difference in size between the banks.

Provisional 1979 figures for Rabobank, previously undisputed top of the league, indicate that it may have moved to second place behind ABN. Despite a 21 per cent net profit increase for last year, a growth of only 16 per cent is forecast in the balance sheet total to 86,300m fl compared with a 21 per cent rise the year before, which would put Rabo marginally behind ABN (published 85,800m fl in 1979). But still above ABN's 84,100m fl.

After a period of very strong expansion fed by inflation and concentration within the industry, a period of steeper growth appears to lie ahead for the Dutch banks. In the 1970s retail banking extended into all kinds of areas that had little to do with traditional banking, such as package travel.

Competition has increased at retail level and new services are being continually added to the range to attract new customers—gold accounts, foreign currency deposit accounts—while the arrival of foreign banks in Amsterdam, attracted by its increasing reputation, has added to competition, mainly at wholesale level.

Patrick Farson

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كذلك من الأصل

A look at the benefits of trade centres and a profile of a famous plane-maker

Moscow is planning one—an importers through its members of the Moskva ket match system; and the banks of the Moskva ket match system; and the river—offering “immed” idea started in New Orleans in 1968. What all these cities have in common are assembly of the World Trade Centres Association. The foundation stone for the four buildings—two of which are now open and two more to be finished in 1983—is being laid this year as well. And they are expected to be finished in 1983.

The 250m sq (about 560m) complex in Amsterdam is situated close to the Amstel—Zuid station of the Schiphol-Amsterdam railway link, so that it is close to the international airport and the RAJ conference centre. “It is purely a commercial operation”, Mr A. H. G. van der Wiel, its director, explains. It is being financed by the Algemeen Burgerschijf Pensionsfonds of Heerlen, and the

Friesch-Groningse Hypothekbank of Amsterdam.

Amsterdam is traditionally a financial centre of Holland. So the world trade centre will be more linked to financial activities of the city and also, because of the neighbourhood of the airport with companies distributing goods by air or concerned with air freight, an industry which is still growing, in the building there will be a concentration of companies working in international trade, or companies which are linked worldwide trade, because it is this which makes it a world trade centre. Besides renting office space in 150 to 200 companies (there is a waiting list at present), the centre will offer services and facilities as well. There will be a bank of commercial data for all doing international business. It occupies two floors of the Commercial Exchange build-

ing in the centre of the city, near the town hall, central post office and railway station.

A world trade centre club will provide social facilities as well as organising seminars, lectures and missions, all related to international trade. An exhibition room will enable companies to show their products; and there will be conference and meeting rooms, a central secretariat, a translation office and a language school.

Businessmen will be able to rent furnished offices for a week or longer, and will find the services of banks, accountants, forwarding agents, post office, shops and so on, all under one roof.

The World Trade Centre, opened in Rotterdam in 1978, is already well established. It occupies two floors of the Commercial Exchange build-

ing of international trade, the machine running”, Mr Schurink says, “and now the machine is running us”. The space at the centre for temporary offices is somewhat limited.

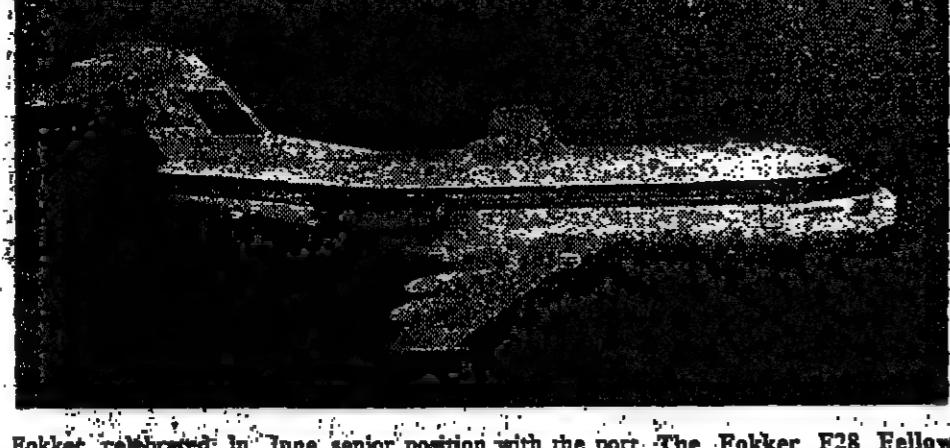
The function of Rotterdam's centre is primarily promotional. Many ports, and Rotterdam is the largest in the world, have decided that, if they want to sell the port, trade should be promoted in its early stages. It is almost a slogan”, Mr Schurink says. Port promotion starts with trade promotion.”

World trade centres are more than a window on the world for local businessmen. As the Dutch are showing, they can also attract trade to a country. But, though there are indications that other cities in Holland will follow Rotterdam and Amsterdam, they have shown the lead.

Pieter Zwart

## Traditional business centres find new stimulus in worldwide network

### Fokker flies in face of mergers



Fokker celebrated in June its sixtieth year as an aircraft manufacturer and looks set to survive as an independent company in a world industry where mergers are becoming more and more common.

The Dutch company has just completed a move in the opposite direction, finally breaking away from its merger with the West German aerospace firm VFW. This future family is based upon the F28, a twin-jet with up to 160 seats, and low operating costs, which Fokker is offering to airlines around the world as an advanced design. The engines, which will be placed beneath the wings rather than at the tail, as is the case with the company's F28 airliner, will

The Fokker F28 Fellowship airliner.

come from Rolls-Royce, the French-American consortium GE-Sneaca, or the United States company Pratt and Whitney.

Commitments to buy the F28 are being sought from four or five airlines before the Fokker board makes what would be a major decision for the long-term future of the company to launch the new airliner project.

In the meantime, Mr

Swartpouw continues to have sessions with the Japanese aerospace industry in an effort to make the F28 a F29 manufacturing and financing. He has also explored with Boeing, the big American aerospace manufacturer, the possibility of buying fuselage sections which were designed for the Boeing 737 airliner for use in F29 assembly.

The Japanese, who have been offered F29 wing manufacture, find the proposition attractive, if only because they have recently signed a deal with Rolls-Royce under which they will jointly make an engine of the size which would power the new airliner.

Fokker has what might be termed an uneasy relationship nearer home with the partners of the European aerospace consortium, and particularly the French and the West Germans. Airbus has as one of its potential future projects a twin-engined airliner of about the same size and of similar design to the F28, and there has been a conjecture that Fokker and Airbus Industrie might join in a joint project.

But as attractive as this might seem on the surface, there are immense hurdles in the way. Airbus has also been having talks with the Japanese aircraft manufacturers in an effort to enter the European market. Fokker and Airbus would like to keep final assembly of a new aircraft to themselves; and Airbus, which sees Boeing as its biggest world competitor, would be more unlikely to enter and deal in which the American manufacturer had a role.

There remains, however, the possibility of Fokker collaboration with British Aerospace which, although a 20 per cent partner in Airbus, might consider a separate deal with Fokker on the F29 as long as it did not cut across anything that its partners in Airbus planned to do.

Fokker executives have been to Waybridge to talk to British Airways about F29 collaboration, but nothing concrete has emerged from such talks. One problem to be overcome is the feeling within the Dutch company that although Fokker has, in the past, always been an excellent customer of the British aerospace industry, in buying engines and components, and in putting out sub-contracts, Britain has always trumped each aerospace aircraft which Fokker has produced.

Fokker executives, still, feel aggrieved that the British 748 airliner was produced in the same market bracket as their F27 turboprop airliner, and that the 146 jet airliner will blanket the F28 when it comes on the market in two years' time.

Fokker has a remarkable story to tell with its F27, for although the twenty-fifth anniversary of its first flight is being marked this year, it is still selling strongly. It has just begun to enjoy a new lease of sales life because weight and capacity rules for commuter aircraft have recently been relaxed in the United States, so opening up a big new market. Fokker recently registered its first sales in the United States market with the F27 for many years, and expects more.

A study group has been established within Fokker to suggest ways in which the F27 can be improved from the point of view of noise and fuel economy, and also to review the possibility of a new turboprop with 60 to 80 seats compared with the maximum of 50 in the existing aircraft. More than 700 F27s have been built, and Fokker sees no reason why that number should not increase to about 1,000 before production ends in the 1990s.

The F28, with up to 80 passengers, is a much more recent project than the F27, and so far about 150 have been sold. Parts for it are made all over Europe. Short Brothers and Harland of Belfast, builds the wings and the undercarriage doors; VFW the tail, tailcone and forward fuselage, and MBB, another West German manufacturer, the nose and centre fuselage. For the F27 the French company, Dassault-Breguet, builds major fuselage sections, while Sabca, of Belgium, produces the outer wing boxes.

But while it puts a lot of its own aircraft work out, Fokker takes in a lot for other manufacturers. In addition to making parts for the European space launcher programme, it assembles and makes parts for the F16 fighter, outer wings and struts for the Short's 330 airliner and, as an associate partner of Airbus Industrie, the wing moving surfaces for the A300 European airbus.

Arthur Reed  
Air Correspondent

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**Left-wing liberals expected to double their number of seats**

continued from page I

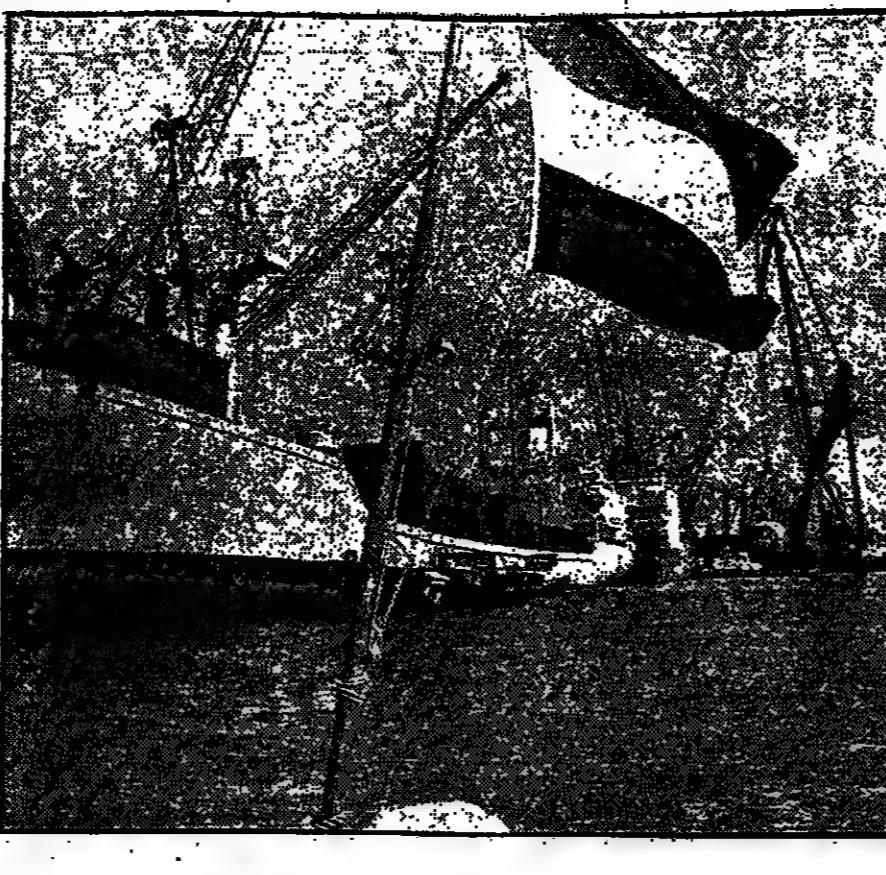
partners are expected to do rather badly because time and again they have had to bow to Christian Democratic demands.

This is not really Mr Van Agt's doing, as he seems much happier in the company of the right-wing Liberals than he did as a vice-premier and justice minister in the previous Socialist-dominated Cabinet of Mr Joop den Uyl, now the Opposition leader.

It is because the balance of power in the Lower House is still held by a small number of dissident Christian Democratic members of Parliament who would have preferred a new coalition with the Socialists and who refused to underwrite the pact with the Liberals. Nevertheless the Cabinet as a whole has had to make the difficult halfway in back where they were at May, 1977, trying to form a coalition between Labour and the Christian Democrats. In 1977 Mr Den Uyl failed to return to power, in spite of his additional 10 seats he won in those elections and serve under Mr Van Agt or vice versa?

expected electoral losses predicted as a vote of confidence, because he overreached, refusing for instance, to take Mr Andriessen into his Cabinet. In spite of having only 66 seats in the Lower House, these left-wing Liberals are already far more influential than their number would indicate. This is not surprising when the opinion polls consistently indicate that they will at least double their contingent in members of Parliament next May.

But that is not enough to give the Democrats and the Labour Party together a left-wing parliamentary majority, even assuming which is not considered likely, that Labour will manage to hold on to its 53 seats. This means that, politically speaking, the Dutch will be back where they were at May, 1977, trying to form a coalition between Labour and the Christian Democrats. The Liberals, therefore, cannot be expected to show any great enthusiasm in renew the alliance if the which were generally inter-



A variety of cargoes being handled at Rotterdam port.

## Aid for shipbuilding as demand slumps

The past four years have order book in early 1974 RSV has been cut by presented a major challenge which totalled a record several thousand tons for the Dutch shipbuilding industry. Other nations have reacted to the recession in and the few orders that are turned in an improved performance with its after-tax demand with varying degrees of speed and scale. In terms of the level of government support and the reduction in capacity and loss of jobs.

The Dutch Government has played a major role in the reorganization and readjustment of the industry through smoothing the process of restructuring with handsome government aid and incentives.

It was inevitable that governments in the world over would have to bend to the substantial pressures and involve themselves even more closely in the activities of the shipbuilding industry against a fall in demand which is more savage than most people in the industry can recall.

At the end of last year, for example, world shipbuilding orders in hand amounted to 28,300,000 tons gross compared with a peak level of the world

completed 98 vessels totalling nearly 277,000 tons.

It is against that background that the Dutch Government has, over a period sought to make its industry more efficient and to assist the shipbuilding industry in the construction of ships and large offshore structures.

But the progress which has been made in reshaping the Dutch shipbuilding industry at considerable cost to the Government has now been thrown into doubt as a result of the Government's decision early last month

not to grant an extra 100m to help to establish a new

shipbuilding company to construct large vessels and offshore structures.

The new company consists of large oil tankers and bulk carriers in the heady days before the first oil crisis of 1973-74. Without

RSV would have found the strain intolerable. More than \$500m has been pumped into the shipbuilding industry and that has also involved the Dutch Government taking a 43 per cent stake in RSV.

Elsewhere in the industry's larger companies have been established. They include IHC, Holland's largest builder of specialized dredging vessels, and VMP Stork, the country's largest engineering group, whose diesel engine business has also felt the chill winds of the shipbuilding recession, although the increasing trend of the large tanker operators to convert their turbine-powered oil tankers to diesel propulsion should lead to benefit for manufacturers of marine diesels.

At RSV shipbuilding activities are being reduced to the operation of only one large yard and a small one, and the number of jobs at

the end of last year was 2,500m.

Further cuts therefore seem inevitable and the result will be that the level of Dutch shipbuilding capacity will become a shadow of its former self.

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## FOR THE SAKE OF THE ALLIANCE

here cannot be many members of the House of Commons who are looking forward with great relish to today's debate on the second reading of the Iran (Temporary Powers) Bill. The Government is visibly embarrassed at having to ask its supporters to vote for this bill, but its embarrassment is not of a type which the opposition can easily exploit. Here will perhaps be a few left-wing Labour members who will enjoy baiting the "government in tatters" of "Mr. Carter's codle", or the like, but the parliamentary Labour Party as a whole is as aware as most conservatives of the painful dilemma in which Britain and America's other allies find themselves. In one respects the misgivings about the bill may even be deeper on the Tory side, here there is a widespread distaste for, and disbelief in, the very notion of economic sanctions as an instrument of foreign policy. These are seen as interfering with Britain's commercial interest, and with the freedom of private businessmen to conduct their business abroad as and where they see fit. Experience also shows that they are seldom ever effective, especially in the short term.

Yet the problem we are attempting to solve by applying sanctions to Iran is, par excellence a short-term one. Whatever happens, it is most unlikely that in five years time the fifty American diplomats will still be held hostage in Iran. America as resorted to sanctions, as she attempted to resort to force, essentially because other methods were proving too slow in producing results. The resort to force, however, ill-advised on their grounds, was at least logical in that respect: if it had worked it would have worked instantly. Sanctions, by their very

nature, will not work quickly. They may even delay a solution.

Sanctions will certainly not change the minds of those directly responsible for holding the hostages. Rather they will strengthen the moral certainty of those who are sincere, while playing into the hands of any who are acting from ulterior motives. That, no doubt, is understood even in Washington. The hope must be (if there is anything behind the policy beyond the mere desire to be seen by the electorate as doing something) that sanctions will strengthen the arguments of those within the Iranian government who have urged a firmer line with the hostage-holders, by enabling them to point to serious damage which the country is suffering as a result of their action—damage which may eventually jeopardise the success of the revolution as a whole.

That is a real hope, but it is a slender one. The more likely effect of sanctions will be to make the arguments for a pragmatic solution to the crisis sound, in Iranian ears, like arguments for capitulation to American pressure, which is something quite unthinkable in the present climate of Iranian politics.

The regime will try all other expedients to ensure its survival rather than accept capitulation. Among those expedients will be the search for scapegoats and diversions, both inside and outside Iran's frontiers, and, of course, the acceptance of support from the Soviet block. The seizure of the hostages may have been engineered, and is certainly being exploited, by people who want to push Iran along that road, preferably past the point of no return, while at the same time diverting attention from the Soviet occupation of Afghanistan. It is tragic that we in the

## A BLIND AND NEEDLESS FEAR

ATFOR

f the Government is wise it will soon begin the long process of consultation that would be necessary before reforming the House of Lords. A constitutional change of this magnitude ought at all possible to be the product of agreement between the parties; and even if such an agreement cannot be secured, the attempt should at least be made before taking action.

If this is too long delayed, however, there is the risk that there may be no Upper Chamber left to reform because the Labour Party is now more firmly committed to its abolition than ever before. The sensible course, or those who believe that it is essential to preserve a two-chamber Parliament is to accept that only a House that is wholly or largely elected can have democratic legitimacy: these days and to bring this reform about before the constitutional wreckers have done their work.

Yet, as a report from our Political Editor points out on another page, the chances of this happening are dim. There are a number of reasons for this reluctance to act, but foremost among them is the belief that any acceptable scheme of reform would have to be based on

the principle of proportional representation and that if this were conceded for the Lords it would soon have to become the system for electing the Commons as well.

The first of these assumptions is correct. No reform of the House of Lords could command the necessary degree of public approval that did not provide for a chamber that would be at least predominantly elected, and there would be no point in electing the Lords on precisely the same basis as the Commons. Some form of proportional representation would therefore be the obvious answer. But the second assumption that once one House was selected by proportional representation the other would soon have to be as well, is mistaken and pernicious.

The case for electing the House of Commons by proportional representation has been argued in these columns on a number of occasions. But that is a separate matter. Proportional representation is not a virus which once it infects one part of the body must swiftly spread to the whole. It has already been used in Northern Ireland without thereafter proving irresistible for the

rest of the United Kingdom. It will almost certainly have to become the system for electing British members to the European Parliament. But there can be no assurance that it will thereupon be adopted for Westminster. It is entirely logical to support proportional representation for some Parliaments or assemblies, whether or not one wishes it to be applied for the House of Commons.

The assumption is not just an illusion but a damaging illusion because it has prevented a number of sensible decisions being taken. It prevented the British members of the European Parliament being elected by proportional representation last June, which would have been more satisfactory on all counts. Devolution is now dead, for years if not for ever, but the schemes on offer to the Scots and Welsh would have carried less risk for the United Kingdom if they had provided for electing the assemblies by proportional representation. Now the fear of creating a precedent for the Commons is impeding reform of the Lords. The Government is allowing itself to be frightened by a constitutional shadow.

seen by the Council of Agricultural Ministers until three days ago. These matters had not been prepared for us to agree to them.

"There was an attempt to have an agreement on fisheries. I have always said this will take a long time to sort out, and I could not agree to the principle. We were not far apart when we take things into account, but there would have been problems on sheep and fisheries which we should have to oppose on merit."

It happens that Mrs Thatcher's stand on British interests against all-round farm income increases that would raise British consumer prices on dairy products and bacon have won the House of Commons and popular support, and she will not now want to throw away in Venice. Nor would many members of the House of Commons look kindly on concessions to the French on fishing.

In effect Mrs Thatcher has gone on record to set sharp domestic political limits to the concessions she can make to the Eight, especially to President Giscard, in return for a budget deal on the broad balance between what the United Kingdom pays into and draws from the Community. The French president and the West German chancellor, with their elections coming ever nearer, have a public to please or placate, and they grow visibly and audibly impatient for a settlement lending itself to favourable national

meetings as compared with diplomacy. Public stands have to be taken. Cameras, microphones and notebooks are there as a reminder to our leaders that "anything you say may be taken down and used in evidence against you". And in a time of community disarray, diplomacy with its freedom to give and take in private, have undubbed virtues.

The Venice summit meeting is now inescapable. The Griffo Palace and the Danieli hotel are booked, along with a score of others, and the Isola San Giorgio is already in the hands of the security police to make sure nothing goes amiss. But it would probably be better if the Nine's leaders stayed at home and agreed that their journey was not really necessary. Little good may come of it if diplomacy could not achieve.

David Wood

## Are summit meetings necessary?

The Treaty of Rome, in its wisdom, says nothing about European summit meetings. It does not provide that three times each year the heads of government or prime ministers of the Nine, accompanied by foreign secretaries and platoons of advisers, shall meet for two days and in a few hours of business cut all the Gordian knots that have bedevilled the Council of Ministers, or concern in the eyes of the world that European unity means more to them than gold and reelection, or show to lesser breeds without the law what true brotherhood ought to mean.

The summit meeting was an afterthought devised as a showpiece that would bring the Nine's leaders on to a limelight stage, and also as an occasion to provide the European Community with a grand strategy as well as confused nationalistic tactics.

Once or twice summit meetings have proved useful. Gordian knots have been cut. Deals have been struck. Horses have been traded. The outside world has been given a fleeting glimpse of multinational unity and common purpose. Not lately, though. The last three summits (Strasbourg, Dublin and Luxembourg) have done Europeanism more harm than good, and Mrs Thatcher's profound disengagement is shared by President Giscard d'Estaing, Chancellor Helmut Schmidt, and all their colleagues. It would be surprising if the question were not asked whether summit meetings are really necessary.

Nevertheless, arrangements go ahead busily for the next European summit council on the island of San Giorgio Maggiore in Venice on June 12 and 13. This time the preparations are more thorough and perhaps rather more promising. With some luck and a lot of good will, the Council of Ministers in its various guises (foreign ministers, finance ministers and agriculture ministers) may clear the way for

## LETTERS TO THE EDITOR

## Support for TUC day of action

From Mr J. Freedman

Sir, I have listed below the policy followed by the National Society of Operative Printers, Graphical and Media Personnel to help to clarify the position of members of that union within the newspaper industry about their attitude to the TUC day of action of May 14.

1. The National Executive Council did not instruct members to strike on May 14 (reports, May 8, 9 and 10).

2. All members had and continue to have the right to decide for themselves.

3. Our members were told at the start there was no question of disciplinary actions being taken.

4. The Press generally has called upon Grindavia TV to defy the ruling of Lord Denning and the Appeal Court (Law Report, May 7) whilst they will expect the Privy Council to comply—*Double Standards*.

5. We fully support our General Secretary and Executive Council.

I sincerely hope that this will make the position clear,

Yours faithfully,  
J. FREEDMAN, Father of Chapel,  
Napsbury Night Machine Chapel,  
The Times Newspaper Publications,  
New Printing House Square, WC1.

May 9.

From Mr M. G. Kebgen

Sir, As the TUC, which purports to represent organized labour, is to persevere, despite warnings, with its day of action, would it not be appropriate for it to organize

Some moderate and influential Muslim statesmen have suggested that Europe should not gang up with America against Iran, since that obliges Muslims to gang up with Iran against Europe. Certainly such a polarization is artificial and should be avoided. Yet it may be a good thing for the Iranians to feel that in the last resort fellow-Muslims are on their side, just as it is a good thing for Americans to know that in the last resort their allies are with them. Both sides are in need of the kind of advice one can take only from a trusted friend.

Such a day might be a great success, possibly even habit-forming. Yours faithfully,

MICHAEL G. KEEBGEN,

D House,

Bradfield College,

near Reading,

Berkshire.

May 10.

From Dr R. K. Tansey

Sir, I would like to respond to Ms Waller's letter (May 8) criticizing your leader column of May 5.

I only have direct personal knowledge of one of her statements, i.e. that there is no available proof whatsoever showing Russian Jews to suffer extreme discrimination in education, employment and religion. I only happened to meet a Russian Jew and asked him why he needs only a small shove for them to be pushed aside by those who are considerably less well-meaning.

It is appropriate that May Day should be celebrated by socialists and communists alike: the difference between a welfare state and a totalitarian state is merely a matter of time.

Sincerely,  
ROBERT LEFEVER,  
1 Malvern Court,  
Putney Street, SW7.

May 9.

Strong in faith

From Mrs T. M. Napier

Sir, There has been of late years a feeling that Christianity in these islands was on the decline. Last weekend provided some very different signs. First, there were the policemen in that long vigil outside Prince's Gate, carrying out the letter of injunction in the Epistle of St James for the day, being "swift to hear, slow to speak, slow to wrath". Then there was the immensely heartening spectacle at Liverpool of the Roman Catholic Church listening to its laity. And at Bay Street Edmunds, the great Church of England Cathedral packed to its eyebrows on a fine spring afternoon, for a family service, people pouring in in such crowds and standing so closely together that one almost feared a Zaire disaster.

Apart from the aisles, kept open for safety, every foot of space was jammed with worshippers. People were deeply moving.

Yours faithfully,

P. NAPIER,

Bishop,

Therford,

Norfolk.

May 6.

Forgotten victory?

From the Rev P. M. Dodwell

Sir, For a number of years it has astonished me that VE Day, May 8, is usually ignored in the national press, on radio and television.

On that day in 1945 the whole nation heaved a sigh of relief and offered thanksgiving to Almighty God for the cessation of hostilities in Europe.

It is right to try to forget the horrors and suffering of those years of war: but we should not cease to be grateful for our deliverance at such a cost.

Yours faithfully,

PERCY DODWELL,

Chavilin, R.N. (retd),

23 Saxon Road,

Winchmore Hill,

Hampshire.

May 8.

Divided counsels

From Mr John Draper

Sir, Is there any more striking indication of the confusion that reigns in American foreign policy than the confirmation by the Secretary of State, Mr Edmund Muskie, that he wishes to meet Soviet Foreign Minister Mr Andrei Gromyko in Vienna next week, when his predecessor Mr Cyrus Vance resigned, according to *The Times* (May 8), partly because he was refused permission by President Carter for precisely such a meeting?

Yours faithfully,

JOHN DRAPER,

31 Ranfurley Road,

Portsmouth,

Northern Ireland.

May 9.

Letters to the editor

Letters to the editor&lt;/div



THE TIMES  
BUSINESS NEWSAuditors  
and  
independence,  
page 18

Stock markets
FT 100 436.5
FT All-Share 67.47
Sterling 52.265
Index 73.0
Dollar Index 86.1
DM 1.8085
Gold \$512.50
Money 3 month sterling 17.171
3 month Euro 5.11-1.13
6 month Euro 5.11-1.13
Friday's close

## IN BRIEF

Concrete  
pipe makers  
accused of  
price ring

Court action is being brought against three concrete pipe producers accusing them of operating price agreements and collusive tendering arrangements after being earlier involved in court hearings that condemned similar practices.

The companies are Redland Pipes, part of the Redland group, Spun Concrete, part of Thomson Roberts (Westminster), and ARC Concrete, part of Consolidated Gold Fields.

A court order is being sought against the three companies by Mr Gordon Morris, Director-General of Fair Trading, for alleged contempt of the Restrictive Practices Court. He has formally notified the court that he will be applying for the order, alleging contempt between 1974 and 1978.

In 1965 members of the British Concrete Pipes Association, including the three companies, gave an undertaking to the court not to operate restrictive practices which had been condemned by the court.

But Mr Morris is alleging that in the later period the companies operated agreed practices which had a similar effect to those condemned by the court. These agreements were not, as legally required, put forward for registration as restrictive agreements before taking effect but only after they had expired, it is claimed.

## Alberta oil threat

Mr Bob Clark, the Alberta opposition party leader, claimed that Mr Marc Lalonde, the federal energy minister, had said he would not rule out the possibility of the Canadian Government invoking emergency powers to seize control of Alberta's oil production if the province should curtail its output.

## Maserati franchise

The United Kingdom franchise for the Italian luxury cars Maserati and De Tommasi has been acquired by British Holdings, which has the Subaru concession and handles parts distribution for Jensen. A new holding company, International Motors, is being set up under Mr Robert Edmiston, managing

## Turkish IMF credit

Turkey may reach agreement with the International Monetary Fund on a new standby credit next month, Mr Turgut Ozal, the country's economic planning chief, said in New York.

## Engineering authority

The Engineers' and Managers' Association has urged the Government to create an Engineering Authority. In a submission to Sir Keith Joseph, Secretary of State for Industry, the association says that there is now sufficient political support for the main Finsbury proposals to proceed to introduce legislation.

## Improving productivity

The civil engineering industry's economic development committee is stepping up its campaign to tell industry how productivity can be improved by operating in modern factory buildings. A recent study has suggested that improvements of as much as 40 per cent can be achieved by businesses moving into new purpose-built premises.

## World Bank loans

The World Bank and its affiliate, the International Development Association, has approved \$369m (nearly £160m) in loans for projects in seven nations. The largest of \$153m was authorized for Brazil to finance a new railway system.

## Receiver requested

The board of Southern Constructions (Holdings) has asked the National Westminster Bank to appoint a receiver after the bank refused to extend facilities.

China poised to  
join World Bank  
in move for  
modern economy

From Frank Vogl

Washington, May 11

China will become a member of the World Bank this week. It is almost certain that the board of the World Bank will vote to exclude Taiwan, on Thursday, and grant membership to China, with radical consequences for the world's largest aid organization.

The number of possible recipients of World Bank loans, for example, will then rise to more than 3,000 million from about 2,000 million.

The Chinese resources are already under severe strain and China's membership could add to these difficulties. But the bank's basic capital is likely to double to \$60m (£35m) in the next 12 months.

The Chinese will have the same 2.59 per cent shareholding in the bank as Taiwan had, but the Chinese will probably strive to obtain a much stronger position; they may well move quickly to secure a seat for themselves on the bank's board.

At the moment the World Bank has no China experts and it will almost certainly create a special China division. It might be some time before the bank can provide project loans to the Chinese.

The World Bank will probably send a high-level team of experts to China soon to make contacts in the various economic ministries and state planning agencies. This will probably be followed by a series of specialized sector-by-sector missions.

After that more detailed talks will probably start on the sort of projects that could go ahead; transport and power systems will probably be at the top of the agenda.

Only after detailed economic studies of China will the borrowing terms on Chinese loans be known. The Chinese may qualify for both full bank borrowing at roughly market related interest rates and for concessional loans through the IMF and the bank.

Membership of the IMF is a precondition of World Bank

Post Office  
will lease  
equipment to  
businesses

By Edward Townsend

In an attempt to expand further its profitable telecommunications business, the Post Office has decided to emulate the car trade and offer leasing as an alternative to renting to its business customers.

Under a new arrangement, using finance provided by banks and other credit organizations, the Post Office is offering business customers the option of negotiating fixed-price eight-year leases for private automatic branch exchanges (PABX) in certain categories instead of paying an installation fee and then reading them.

The new Herald and Monarch systems will come within the scope of the scheme later this year, and the Post Office may expand its leasing operation if it proves successful.

The new operation, announced today, follows an agreement between the Post Office and a new company, Mansionsplace, which will raise the necessary finance from banks and other financial institutions and will lease the equipment to the customer.

A Post Office official said: "As far as the customer is concerned, he will still deal with the Post Office on the supply and installation of his equipment, will be billed by the Post Office acting as an agent of Mansionsplace, and will receive the same Post Office maintenance service whether he rents or leases."

Advantages of the scheme are said to be that the customer will obtain the equipment on more advantageous terms with the certainty (subject only to changes in company tax rules) of fixed rentals for the eight year period, and that the Post Office will be able to provide equipment without using its own capital and at prices that are competitive.

## THE POUND

Bank	Bank	Bank	Bank
Bank buys	Bank sells	Bank buys	Bank sells
Australia \$ 2.09	2.09	Norway Kr 11.62	11.12
Austria Sch 30.55	29.89	Portugal Esc 113.00	107.00
Belgium Fr 78.00	66.50	South Africa R 2.10	1.96
Canada \$ 1.71	2.64	Spain Pts 164.00	157.00
Denmark Kr 12.25	12.70	Sweden Kr 9.25	9.35
Finland Mkr 8.50	8.40	Switzerland Fr 3.07	3.73
France Fr 9.86	9.45	U.S. \$ 2.33	2.27
Germany DM 4.28	4.06	Yugoslavia Dinar 59.50	57.50
Greece Dr 98.00	93.00		
Hongkong \$ 11.40	10.35		
Iceland \$ 1.14	1.10		
Italy Lir 1,985.00	1,680.00		
Japan Yen 555.00	530.00		
Netherlands Gld 4.71	4.48		

Notes: only small denominations banknotes are quoted. Bank International Ltd. Different rates apply to telecheques and other foreign currency.

500,000 jobs saved but survival plan demands sharp cuts in car company's operations

## White House approves \$1,500m Chrysler aid

From Frank Vogl  
US Economics Correspondent  
Washington, May 11

The Carter Administration has agreed to provide the Chrysler Corporation with much-needed funds.

The Administration will issue

Chrysler's path back to solvency, Mr Lee Iacocca, Chrysler's chairman, said he was delighted with the Administration's decision, and "assured that it would save 500,000 American jobs.

To convince the Administra-

tion that it can survive, the company outlined plans to cut back its size. Almost all sales

will be in the North American

continent, with just three model lines instead of five by 1984, and with almost its entire range of models based on four cylinder front-wheel-drive designs.

To monitor Chrysler's affairs,

Congress established a loan

board composed of Mr Miller, Mr Paul Volcker, chairman of the Federal Reserve Board, and Mr Esther

Stevens, comptroller general. The board

met for almost seven hours in

the past two days to decide whether or not to give Chrysler the loan guarantees.

The board concluded that

Chrysler had been able to restructure a total of \$1,865m of debt outstanding to private lenders in the United States, Canada, Japan and Europe, in such a way that it would have savings from special credits and interest concessions amounting to \$642m over the next three years. Without these savings, the board could not have approved loan guarantees to the company.

Then the board accepted that Chrysler could raise an

additional \$628m by a huge

Michigan, \$32m from the state of Indiana and \$5m from the state of Delaware.

In addition, the Canadian

government has agreed to provide \$170m in loan guarantees to Chrysler Canada, and the Ontario government will finance half the cost of a \$17m

programme.

The Canadian intervention is

based on the hope of saving 30,000 jobs this month.

The company had a loss in the first quarter of this year of \$448.8m, and it expects a total loss for this year of \$1,050m.

A treasury statement said that "the loan board determined that Chrysler had submitted a satisfactory operating plan demonstrating the company's ability to continue operating as a going concern and to do so after 1983 without further Federal assistance".

The loan board also had no doubts that, without the loan guarantees, the car company would go bankrupt. It believed the bankruptcy would do considerable damage to the American economy, adding to budget deficits and of payments deficit and to unemployment and general gross national product weakness.

Survival doubts: Business Diary profile, page 19.

British unions to lead  
action on cheap  
US chemical imports

By John Huxley

European chemical unions will this week add their weight to the growing pressure for action against cheap chemicals imported from the United States.

Union leaders meeting in Copenhagen will be asked by the British contingent to support a direct approach to the European Commission.

A group of large European chemical companies would conflict with anti-trust legislation.

Mr Roger Lyons, of the Association of Scientific, Technical and Managerial Staffs, said: "I think the chemical majors are deluding themselves in hoping that the Americans can be persuaded to take voluntary action on import prices."

Both the companies and the unions complain that cheap, controlled oil and gas prices are giving United States petrochemical producers an unfair advantage. Since last summer this has been translated into a growing surge of exports to the United Kingdom and western Europe.

The British union leaders say that such products are, in effect, being dumped.

Mr Lyons said that many multinationals companies were hamstrung in their attempts to force action against United States imports, because they had parent companies or large-scale interests in the United States.

But union leaders do not believe a request for voluntary action by the United States will produce satisfactory results. They point to the long, and so far fruitless, attempt to persuade United States officials to act on man-made fibre imports. They also say that voluntary restraint by American

engineering companies hit engineering work on their books.

The number of invitations to tender for work is falling and average contract prices are dropping. A number of replies said there was clear evidence of companies tendering at unrealistically low prices.

It is medium-sized companies which have been worst hit by the decline in workload, brought about partly by cuts in spending on public construction projects.

The Federation of Civil Engineering Contractors (FEC) says that smaller companies are coming under increasing pressure, as those above them in the industry press downwards in search of work.

Engineering companies hit

By Our Industrial Staff

A further decline in civil engineering activity is foreseen in the latest industry workload survey published

Government set for £750m rise  
in British Steel borrowing limit

By Peter Hill

Industrial Editor

The Government will introduce legislation later this week to increase the British Steel Corporation's borrowing ceiling to £550m.

This will represent the first move towards the eventual reconstruction of the near bankrupt corporation's finances for which the present chairman Sir Charles Villiers, has been pressing.

A limit of £4,750m was set two years ago and provision was made in the original legislation for the ceiling to be increased to £550m subject to an affirmative resolution by Parliament. This approval will be sought on Thursday night after the adjournment debate on the appointment of Mr Ian MacGregor, formerly a senior manager of Lazard Frères. The bank stands to receive payments of up to £1.5m subject to BSC achieving certain performance

targets during the three-year period of his appointment.

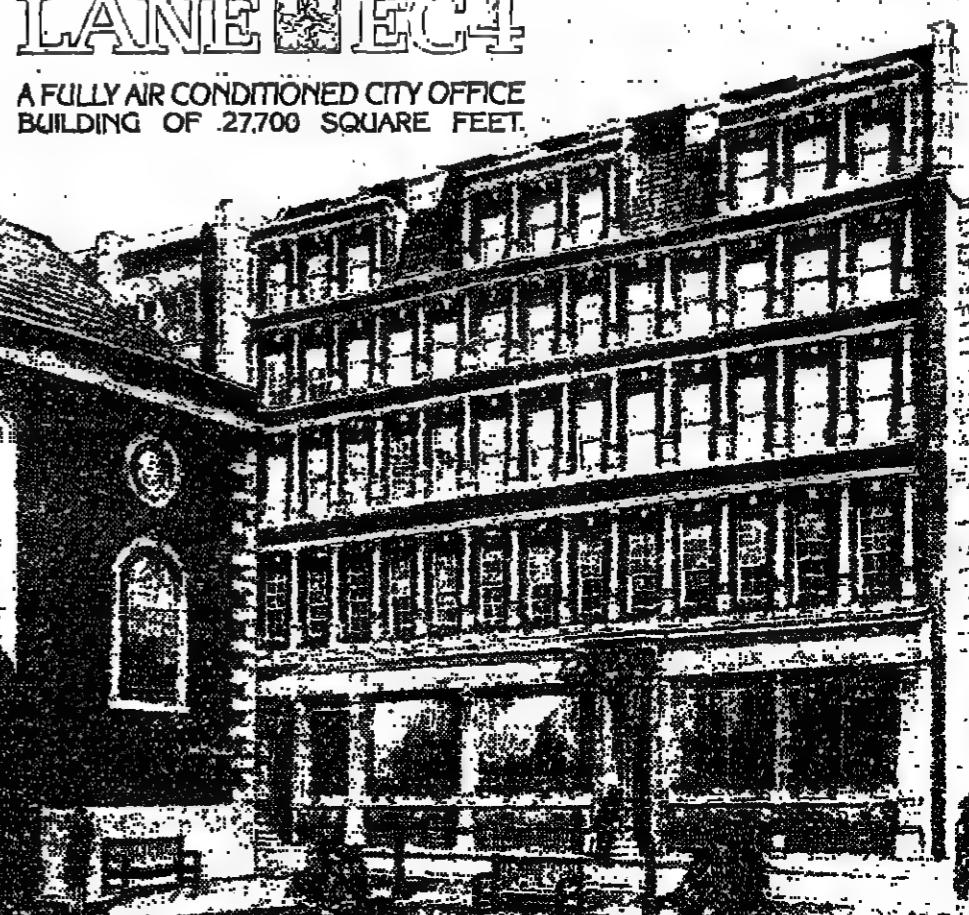
The criteria will be set and measured by a special review committee made up of two representatives from the American bank and two officials from the Department of Industry under an independent chairman.

Over the next few weeks it is expected that the precise terms of the performance criteria will be agreed. Meanwhile, speculation continues over the future of Mr Robert Scholey, the present chief executive of the BSC and a deputy chairman.

Within the corporation speculation is growing that Mr MacGregor will combine the functions of chairman and chief executive when he takes over in July. Appointment of the BSC's chief executive is a matter for the board of the corporation although appointments of deputy chairmen are made by the industry secretary.

Mr David Roderick, chairman of US Steel, has said that the company expects the drop in demand to continue for some months.

United States steel production has been declining in recent weeks. Capacity utilization has also been falling back and last week it was estimated at about 81.5 per cent compared with 88 per cent early in April.

TWENTY  
ABCHURCH  
LANE E.C.4A FULLY AIR CONDITIONED CITY OFFICE  
BUILDING OF 27,700 SQUARE FEET.

## MANAGEMENT

# What price independence for the auditor?

One of the slogans which has spurred the leaders of the accountancy profession into action in the past decade has been the call for the independence of the auditor. The auditor, it is said, must not only be, but must also seem to be free from any interest which might detract from his objectivity.

This, of course, represents a marked change of emphasis since earlier this century, when the auditor was often required to show his commitment by holding shares in his client companies. But times have changed. It is generally accepted today that independence is more important than commitment.

The controversy, which still rumbles on in the 1980s, centres on what particular steps are needed to achieve and to demonstrate independence. Is it necessary to impose a system of detailed rules which may restrict personal freedom and involve extra costs of administration, or is this something which can be left to the judgment of each individual practitioner?

The institute's statement on independence says succinctly "professional independence is a concept fundamental to the accountancy profession. It is essentially an attitude of mind characterised by integrity, and an objective approach to professional work."

In presenting his report, the accountant must base his report on doing what he believes to be right and on saying what he believes to be true, even if this may be contrary to the wishes or the interests of others. It is for this integrity, perhaps more than any other quality, that the whole world looks to him. He must guard it firmly and impart it faithfully to the students who train with him.

It is argued that he must also go further than this and in their own right forbid all members of their staff—not just those engaged on the audit—from holding shares in client companies. Nor, only shareholdings in the firm's own clients are banned, but also holdings in parent companies where the firm audits even a small subsidiary or associated company.

Is a large firm with many large audits such rules represent a significant restriction of the individual's personal freedom to invest. It also means a considerable administrative task in keeping the list of banned companies continuously up to date for all its various offices, and the cost of this exercise indirectly puts up the cost to the firm's clients.

Because of their expertise in finance and tax, accountants are often invited to become executors or trustees, and this again raises questions of prohibited shareholdings. Could the independence of an audit partner perhaps be impaired if one of his partners in the firm's trust department were trustees of a fund which held shares in the client company? If so, what would the firm's duty be? Should it withdraw

from the audit, or ask the partner to resign his trusteeship?

But a trustee partner, too, has his responsibilities to fulfil, to the beneficiaries and to the client who appointed him, who perhaps is now no longer alive. Earlier proposals to ban all trustee shareholdings in audit client companies have now been modified to apply only to larger holdings, but even so this rule may still cause some accountants to withdraw from a field in which the accountant's expertise has hitherto always been valued.

Some would favour a detailed rule-book setting out a list of prohibited relationships. "Thou shalt not hold shares in thy client company, nor in any company associated with it; neither thou nor thy partner nor thy partner's wife and children, nor any partner in thy firm's office, from John O'Groats to Timbuktu."

Some of the big firms already go further than this and in their own right forbid all members of their staff—not just those engaged on the audit—from holding shares in client companies. Nor, only shareholdings in the firm's own clients are banned, but also holdings in parent companies where the firm audits even a small subsidiary or associated company.

The where is the evidence that she causes others which have rocked the financial world in recent years have been the result of the auditor having a direct or indirect personal interest in the client company?

Most worrying perhaps is the apparent loss of confidence implied by this strict set of protective rules. Where is the rugged character of bygone days who was happy to give his opinions and decisions without fear or favour, and to do battle with any who had the temerity to question his integrity?

In fact, despite the occasional isolated and much publicised lapse, standards of integrity and objectivity in the accountancy profession are probably higher today than they have ever been. It would be good to see the leaders of the profession taking their stand on this, and facing up to public opinion instead of retreating to the illusory web of rules.

David Arthur

The author is a partner in the accountancy firm of Thomson & McIntosh.

# Mr MacGregor's fee in a transatlantic context

After the furor caused by Sir Keith Joseph's decision to pay £675,000 and £183,000 to Lazard Frères in return for the services of British Steel of Mr Ian MacGregor, it is worth taking a closer look at top United States chief executive salaries.

One conclusion is that the Lazard Frères deal looks marginally less outrageous in America than it does here.

As chairman of the BSC Mr MacGregor will earn \$48,500 a year before tax. He will also receive his share of Lazard Frères' profits as a "non-active" partner, and, emotionally, as a director of the United States metals group Amcor. He is, of course, not alone in having more than one directorship—businessmen have long, found, via multiple board posts, and even chairmanships, are lucrative, and often rather less demanding than the leadership of the ailing BSC has proved to date.

But if Mr MacGregor were becoming chief executive of United States firm giant Metro-Goldwyn-Mayer, he would be making home \$5.06m (£2.22m) in total gross emoluments—and be the highest paid chief executive in America. Much of that sum comes from items like stock options and restricted shares. United States top executives' salaries are expected to rise by an average of 9 per cent in 1980—and some will grow faster than that.

Even by the standards of British industry, Mr MacGregor's remuneration from the BSC will be modest. A recent survey of salaries by Keyser Ullman shows that highest paid British directors are taking home over £100,000 a year gross. The chairman of the top 500 British companies in 1979 received per £500,000 in 1979, with BCI's chairman taking £124,380.

Among the heads of nationalised industries, Sir Michael Edwards of BL leads the field with £57,200. There is talk at BL that the rate for the joint position of chairman and chief

## Top five UK companies by turnover

Chairman's emoluments £ 1979 1977

	£ 1979	£ 1977
BP	120,385	96,502
Shell T and T	110,915	103,090
Bet Linds	78,793	69,686
ICI	124,380	95,363
Unilever	70,490	56,000

Source: Business Week

## Highest paying US corporations

Chief executive chairman's emoluments £ 1978 Smt.

	£ 1978 Smt.
Metro-Goldwyn-Mayer	5,083
Mobil	4,313
McGraw-Edison	2,635
Revlon	2,388
Hughes Tool	2,124

Source: Business Week

# 'Big boys' who do not pay up

From Mr G. F. Williams

Sir, During the past few years I have met socially two senior finance personnel, each from a large public company, whose chairmen are well-known public figures and knights. I asked each of them why their company did not pay its bills on time.

The first replied that for each month that they delayed paying creditors the company saved several million pounds in interest charges. He also recounted with amusement that the chairman's chauffeur had recently approached him with an urgent request for

£10,000 to meet the costs of

hiring a charabanc to meet the costs of

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up BY THE FINANCIAL EDITOR

## British Airways on the slipway

Trust & Whinney have started work on the long-form required for the flotation of British Airways. Meanwhile, the Civil Aviation Bill is scheduled to become law this year.

Both events, combined with Mr John Nott's enthusiasm for the scheme, point to flotation in September 1981, a date viewed as the earliest possible by a substantial body of opinion within BA.

That date should also mean BA will come to market with a reasonable year's trading immediately behind it, since it is clear that the latest figures, to be announced in July, will show little better than break-even position following last year's £90.4m pre-tax profit and will represent a particularly dismal outcome after earlier forecasts of up to £120m.

It is precisely this unnerving unpredictability in this case almost entirely due to fuel costs, that is the main stumbling block to a successful flotation. Since 1970 BA has seen its pre-interest return on assets rise between 1.1 per cent and 20.7 per cent. That is not the kind of performance likely to attract the necessary institutional investor support.

But institutional support is essential in view of the sums involved. Mr Nott's idea has 45 per cent of the equity should be issued means that shares representing perhaps £450m of net assets are to be sold, assuming a discount to the net asset value of perhaps 30 per cent, not excessive in view of the current ratings of Pan American and TWA, this means that over £300m will have to be raised.

Two possible institutional baits remain: turning the flotation into a partial rights issue, thus reducing the 100 per cent gearing of the company, which currently only serves to make the cyclicalities of the record more damning; or formulating a package of equity, preference and convertible so that a fixed income element would offset the risk in the equity.

In reality the second seems to fudge the issue and to work against BA's stated desire for a successful flotation, as it would represent such a hybrid form of issue. The first makes more sense but ultimately would only be racking one half of the equation.

There are significant operational difficulties that would be created by a flotation on top of all that. The main one is the cost of money. BA currently enjoys a "Triple A" credit rating in the New York market against the single A of Pan Am and TWA, as a semi-independent foreign borrower its rating would presumably be lower than that and BA may be unwilling to borrow money in the United States on that kind of basis. Given the contortions which appear to be necessary for a flotation and the financial problems it would create for the airline, it is difficult at this stage to see any convincing justification for going ahead.

### Electronic components

### Stock market favourites

The four quoted electronic component distributors—Diploma, Farnell Electronics, Jintech and Electrocomponents—are blue-chip boys of the stockmarket. Their shares have broken new highs with monotonous regularity and over the past year, have left the market way behind. The dullest performer has been Electrocomponents: its shares have only outstripped the market by two-fifths. The other three have outperformed the market by nearly three-fifths in the past 12 months.

Commanding Baa-style ratings—Electronics components for instance is valued at 18 times expected earnings for the year to last March—there is a case for saying the shares are fundamentally overvalued. The share ratings certainly allow nothing for setbacks or disappointments and there are growing fears that profits growth, which has averaged about 35 per cent compound over the past four years, will slow sharply as recession sets in. The United States and manufacturers start attacking the United Kingdom market.

Diploma and Jintech would theoretically suffer most if this happens because of their greater exposure to high technology active components like semiconductors and microprocessors where the falling trend in prices must be made up with growing volume. Over the past year prices for many of these products have in fact remained unusually firm because of the strength of demand.

Electrocomponents and Farnell, distributing mainly inflation-prone passive components, may prove rather better protected, although it would be dangerous to draw too clear a dividing line.

The unpredictable depth of the United

States recession, which could slice into the fat profit margins of the distributors, is a major uncertainty and growth is likely to slow. But it should not be exaggerated. Certainly views in the industry are divided.

Electrocomponents—the purest of the distributors—is cautious about the future on this score. Farnell, however, which recently reported a 26 per cent rise in pretax profits to £5.1m, is still confident of maintaining the growth rate of recent years with component distribution now accounting for about three-quarters of profits.

Diploma, draws only half of profits from component distribution—the rest comes from a spread of engineering activities and plumbing products. Profits from component distribution rose by half in the six months to last December and the group is still finding the market firm.

Meanwhile, Unitech, a more broadly based electronics manufacturing as well as distribution group, which recently announced a major acquisition in Germany and its second rights issue in nine months is expecting some slowdown from recent years. But still seems confident of turning in profits growth of around 20 per cent a year.

In the favour of the distributors are the growing applications for the component they supply and the potential to further increase their market share.

Furthermore, the shares have clearly benefited from institutional hunger for one of the few sectors which provides opportunity for real growth but which is capitalized at only about £250m. The shares look price at these levels and their relative performance unexciting in the short-term. But any market weakness could provide a good buying opportunity for the longer-term with Unitech and Electrocomponents the pick of the bunch.

### Traded options

### Too few traded

Six weeks have passed since the Chancellor changed the tax treatment of the traded options market. But judging by the number of contracts arranged—336 last Friday—the market is still moribund.

Yet writers (sellers) of options and buyers are convinced that it is just awakening.

At the end of the month options in P and O and Lonrho will join the option classes in the dozen stocks now represented. But this is only a forecast. By October the Stock Exchange will have its new Topic price display system working, and then it hopes to increase the number of stocks traded to 100. "Put" options would also be traded.

The trouble at the moment is that this list of stocks is so tiny. Business is done in BP, Consolidated Gold Fields and Racal, all volatile at one time or another, but 14 stocks hardly covers the main market let alone its speculative areas such as secondary oils.

At the moment the traded options market is so strenuously intent on respectability that it has courted dullness, and no one needs options to cope with dull stocks.

The Chancellor has not solved all the tax problems. Most potential traded options users would acquiesce if they had to pay normal capital gains tax, but not pension funds. However, the Revenue considers that an option is not an investment.

So if a pension fund buys an option and sells it, any capital gain would be taxable. Presents to the Revenue are something such funds are understandably anxious to avoid.

International bankers are about as helpful as diplomats when it comes to helping out the American monetary authorities. They make haste slowly. The latest example is the letter from central bankers of leading industrial nations to banks operating in their countries asking them to restrict lending to United States residents.

This is in response to a call for support from Paul Volcker, the US Federal Board's chairman, asking them for help in policing the United States credit squeeze. The request was in itself unusual in the sense that it is no business of foreign banks to help enforce the American domestic economic policy. But the positive response Mr Volcker has received is perfectly mundane.

Banks are simply asked to refrain from lending, there is nothing peremptory. It seems perfectly clear that if, for example, Ford of Britain wanted to use its own facilities to lend on to its United States parent it could do so. It should not take too much thinking for others to find appropriate loopholes.

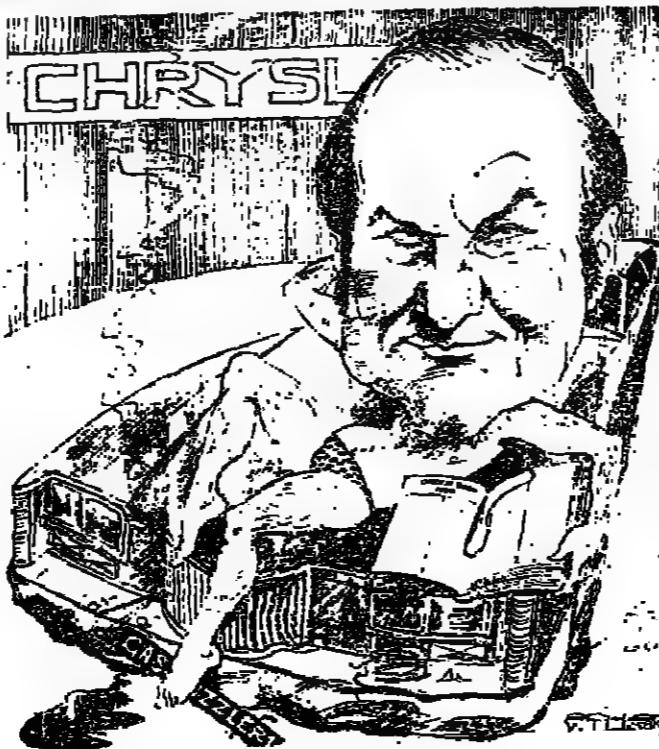
## Business Diary profile: Lee Iacocca, Chrysler's optimist supreme

Washington "I honestly believe that within a very short time the opportunities for Chrysler Corporation will be far greater than the problems," declared Lee Iacocca, the company's president, at the Chrysler annual general meeting exactly one year ago. Since then Iacocca has been promoted and the fortunes of the company have gone from bad to worse.

Tomorrow Iacocca, now chairman of the ailing car company, will address shareholders once again. There are bound to be lots of questions about the company's survival prospects and, without doubt Iacocca will exude optimism, albeit briefly, to allay the criticism and go to immense lengths to stress that brighter days lie ahead.

Iacocca, 55, is a brilliant salesman and he is always selling something. He sold the Congress on the idea of legalizing special labour terms for Chrysler. He has sold the ailing Chrysler dealers across America on the idea of having a car with radically changed model styles and worked wonders for Ford's profits.

Along with sales and engineering skills goes a ruthless determination to succeed. He was pretty much the only one who would listen to him when he was head of the new Chrysler.



Chrysler president Lee Iacocca: would you buy a used car company from this man?

He is described as being "utterly tactless", says a former Ford executive. He added that "Henry Ford would at least listen to people, but Iacocca surrounded himself

with just those who always agreed with him".

The instant's catch phrase was "Iacocca features prominently in most of the television commercials".

In addition to his \$1.5m in

annual payments, Iacocca does

none too badly at Chrysler (total salary of \$266,175 last year plus benefits worth \$120,000), but for that he works exhausting hours striving to keep tabs on every facet of the business.

As part of his bid to save Chrysler he agreed to offer a board seat to Douglas Fraser, head of the United Auto-Workers Union. Tomorrow shareholders will vote for the first time for a trade unionist to join the board of a large United States company.

The tasks he faces, however, to keep Chrysler going from month to month, let alone secure its future, are massive. Despite all his bravado and bold optimism, the company is in desperate trouble. He seems tougher than Riccardo and so may last longer (Riccardo was Chrysler chairman for three years), but many analysts doubt that he can win.

Healy notes that Iacocca has spent all his time since joining Chrysler "putting out the fires, rather than having a chance to use his substantial creative product talents". Healy adds that Chrysler will gradually become a ward of the state, maybe another GM, "even with the dynamic Iacocca at the helm".

Frank Vogl

## Ed Lapham reports on an American car makers fight for survival

Detroit

Chrysler Corporation and its allies relaxed somewhat this weekend following approval of \$1.500m in federal loan guarantees.

When the Federal Loan Guaranty Board, meeting in Washington, approved the \$2.000m package of non-federal aid the go-ahead was given for Chrysler's survival plan.

The weekend decision was

the latest in a series of eleventh-hour rescues which have kept Chrysler afloat.

There is some doubt that

Chrysler can survive even with

the \$1.500m in government loan guarantees.

The company could fall

because of the austerity of

its survival plan, an uncooperative

economy or some weakness

in Chrysler's outlook.

"At the point I see Chrysler losing

heavily until September then

earning some, but not much,

in the fourth quarter", he says.

The loan guarantees mean the

start of the long, hard road back

for Chrysler", Mr Jourpelli esti-

mates. Chrysler's survival

chances with loan guarantees

at "about 90 per cent".

He believes Chrysler's produc-

tive will be competitive, even

after the company eliminates

full-size car production. But it

will undergo a sea-change.

There is no question that

Chrysler will be a different com-

pany if it survives", Mr Jourpelli says.

"There will be controls

from the Government and the

United Auto Workers Union

and because Chrysler has sold

stock to its suppliers and

dealers it will be more closely

bound to its constituents than

any company before".

The loan board said at the

weekend that Chrysler could lose

\$1.000m this year.

Like BL, which has planned its

survival hopes on the new Mini,

Metra, Chrysler too has a much-

troubled wonder product. It plans

to introduce its front wheel

drive K-body Dodge Aries and

Plymouth Reliant this autumn.

Chrysler hopes to sell about

325,000 K-body cars along with

300,000 sub-compact Omni-

Horizon models and 200,000

Mitsubishi-built imports. These

sales, Chrysler still insists, will

allow the company to be profit-

able in the fourth quarter.

Mr Arvid Jourpelli, motor in-

dustry analyst and vice presi-

dent of Paine Webber Mitchell

Hutchins, "Chrysler must re-

store consumer confidence,

maintain the integrity of its

dealer group and generate

enough cash to pay off the

deferred interests, deferred

pension costs and debt", he says.

loss in 1980 will be due to

America's high interest rates.

If the economy does not

improve materially before Octo-

ber when Chrysler will begin

selling the Aries/Reliant models

then all of the quality control,

advance publicity and image-

building will have been wasted

on a non-buying consumer.

Even if the economy im-

proves, interest rates subsi-

diary as Chrysler hopes, the company

will still have a debt service of

about \$500m a year on existing

loans.

Chrysler's 120 banks did make

some concessions on interest

rates and maturity dates for

outstanding loans which will

help if the company survives,

## Appointments Vacant

PROGRAMMERS/ANALYSTS  
NEW YORK CITY  
£10-13,000

A fast growing Consulting firm needs many professionals for its headquarters in New York. A minimum of 3 years' experience in RPG II or Assembler and a knowledge of general business applications a must.

Candidates will work on a two (2) year vise. We offer a comprehensive benefits & incentive package on top of a handsome salary. Interviews are to be held in London on June 7 & June 8. Please send us a resume in complete confidence and we will contact you directly for an interview.

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Opportunity to manage busy department, mainly V.P. sales in substantial mixed practice. Integrity, flair and desire to succeed are the qualities we are looking for. Please write in confidence with brief C.V. to:

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Of well above average ability who can, first and foremost, sell, then build and lead a small area team. Required urgently by Packmark (Sales) Limited the leading packaging line in printing and labelling machine manufacturers. Good basic salary, car, expenses, etc. and excellent bonus scheme will let you beat inflation (if you're good). Full details to:

PACKMARK (SALES) LIMITED  
The Old Rectory  
Turbury, Newton Abbot, Devon  
(Open to male and female)

## Managing Editor

We are looking for a Managing Editor to run our Editorial Department and maintain and develop our well-established list of reference and other books. The successful candidate will be expected to supervise production and develop ideas for the expansion of our list. He or she will have a sound publishing background and will be between 35 and 45 years of age. The salary is negotiable.

Apply in writing, giving full details of education, experience and qualifications, to: The Managing Director, Europa Publications Limited, 18 Bedford Square, London WC1B 3JN.

All applications will be treated in strict confidence.

GRADUATES REQUIRED  
AS ACTUARIAL STUDENTS

CLAY & PARTNERS, CONSULTING ACTUARIES  
Clay & Partners is an independent firm of Consulting Actuaries providing advice in corporate clinics on all aspects of occupational pension and life insurance plans.

Continued expansion of business has created a demand for graduates wishing to embark upon an actuarial career. Applicants should be able to demonstrate a sound degree in Mathematics or a degree with a mathematical content.

A sound professional training will be provided in the course of work together with the opportunity to qualify as an Actuary. Salary will not be a limiting factor for suitable applicants.

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B. Aitken, B.Sc., F.I.A.  
Clay & Partners, Accountants  
70 Brook Street, London W1Y 3HN  
Tel. 01-406 1500

## GENERAL VACANCIES

## GENERAL VACANCIES

DEMONSTRATE  
THE WETBIE

New water based motor cycle recently ridden by Barry McGuigan. We are looking for a female rep for Wetbie. We are looking for a sales manager, commission, car, Wetbie, Swimming and sales. Box 3218 F, The Times

RECRUITMENT URGENTLY. Insurance French national insurance agent. We are fully experienced, highly competitive and technical. Western General 0208 220000

INTERIOR DESIGNER with minimum five years experience wanted for office in Johannesburg, South Africa. Telephone 507 4040.

OUTDOOR PURSUITS—Instructors required immediately for children's adventure camp in Devon. Ring Gillian Bledford 4066.

## CONTRACTS AND TENDERS

## PETROLEO BRASILEIRO S.A. - PETROBRAS

## RIO DE JANEIRO-BRAZIL

## ANNOUNCEMENT OF COMPETITIVE BIDDING SUPEX-05/80

- PETROBRAS announces the opening of a competitive bidding for petroleum exploration in areas located onshore and offshore Brazil.
- The relevant contracts shall be executed in the form of service contracts, with risk clause, provided that CONTRACTOR's remuneration shall be contingent upon the achievement of commercial production from the fields discovered and developed by CONTRACTOR.
- Companies to enter into such contracts shall have technical and financial capacity, provided that companies domiciled outside Brazil shall also demonstrate experience and tradition in exploration and development of petroleum fields. Companies are requested to contact PETROBRAS in order to obtain the application form at one of the addresses below:

AV. REPUBLICA DO CHILE, 65 18° ANDAR, SALA 1858, RIO DE JANEIRO, BRASIL  
77 SOUTH AUDLEY STREET, 2ND FLOOR, LONDON, W1Y 5TA, ENGLAND.  
1221 AVENUE OF THE AMERICAS, 22ND FLOOR, NEW YORK, NY 10020, USA.  
66 AV. CHAMPS ELYSEES, 8EME ETAGE, PARIS, 75008, FRANCE.

The said application form is to be filled in by the interested company, and then returned to any one of the addresses indicated above, until 5 pm (local time), the 30th of June, 1980.

- Each company will be informed as from the 21st of July, 1980, of the result of its application in the preliminary selection and of the basic conditions it must comply with for the purpose of making its bids.
- Participation in the said preliminary selection does not and shall not imply the granting of any guarantees, privileges or rights whatsoever to any of the interested companies, it being understood that PETROBRAS is absolutely free, at its sole discretion, to cancel, remake or dispense with such preliminary selection, or invite whichever company it may choose in order to contract with for the execution of the services referred to in this Announcement.

Rio de Janeiro, May 12th, 1980.

## DEPARTMENT OF EXPLORATION CONTRACTS

## — SUPEX —

## LAURO VIEIRA/SUPEX/SUPERINTENDENTS

THE TIMES MONDAY MAY 12 1980

## GENERAL VACANCIES

SUMMER JOB IN  
SWITZERLAND

Required: a university student to work as counsellor in a language programme in Switzerland from July 1st to August 25th. Duties involve supervision of students and involvement in sports and leisure. Apply to the Director, Theatr. T. Ltd., Coldharbour Lane, Thorpe, Surrey.

The Sir Nicholas Soames  
THEATRE AT ROSEHILLAPPOINTMENT OF  
DIRECTOR

Salary negotiable. Final date for applications 30th May 1980. For full details from the Director, Theatre at Rosehill, Whitehaven, Cumbria CA28 8SE, U.K.

## ASSISTANT MANAGER

Restaurant, Catering, City Banqueting experience and a good knowledge of food. Salary circa £6,000 per annum. Tel: 01-933 5516

This vacancy is to be made

and female applicants.

## A BETTER CAREER

With our programme which helps you to build up your practical help to improve your career. For 10 years we have helped many thousands achieve success and promotion. Free brochure.

90 GLoucester Rd, W1  
01-933 5524 (24 hrs.)

DOMESTIC AND  
CATERING SITUATIONSInnkeeper/Comptess  
urgently required  
for steady job. Own room in house and live in flat. Salary by negotiation.

Phone 01-639 3366  
(anytime)

## 54,500 p.a. TAX FREE

Required: a young man for Hotel Middle Eastern, to be held for new lady late Oct/Nov and for 2 yrs. Nursing qualifications. Immediate London interview.

ONE CHILD

Required: a young man, 18, for a car driver's position; also good residential experience and references. Present money highly recommended. Salary £50 p.w.

## FLORENCE

Youngster required to take care of two boys aged 8 and girl 4. Beautiful home with swimming pool, own garage, private garage, own drives, parking space and like sports, also sandswimmer for holiday home to be the new £20,000 p.a.

Please contact Sheila Davis

ALBEMARLE NANNIES  
128 New Bond Street,  
London W1  
Tel: 01-933 2441 (24 hrs.)

## HEAD HOUSEKEEPER

Following the refurbishment of our 107 bedrooms we are now looking for a Head Housekeeper to manage the housekeeping department. The ideal applicant will have had some years' experience and will be an assistant housekeeper's position at present. Good opportunities are offered, all meals on duty in the restaurant plus generous staff discounts on ENI products.

For further details, please contact the Royal Telephone, Head, Whitehaven, Cumbria, CA28 8SE, U.K.

## LEGAL APPOINTMENTS

LEGAL ACCOUNTS, legal and general, for an interview in W1. £10,000 p.a. required. Tel: 01-933 5524 (24 hrs.) Call: Amanda Lake, Law Staff Ltd, 01-933 5524.

DOMESTIC AND  
CATERING SITUATIONS

AU PAIR required by divorced Jordanian gentleman. He is looking after his 9-year-old son and a trained German shepherd dog. Good working conditions. Min. contract 2 years. Tel: 01-933 5516

ENTHUSIASTIC person wanted to help run beach riding sports centre with stable and equipment. Tel: 01-933 5524

MOTHER'S HELP needed immediately for 2 children. Own room with TV, car, garden, £100 p.w. Tel: 01-933 5524

MOTHER'S HELP needed urgently. N.W. 10. Tel: 01-933 5524

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## FINANCIAL NEWS

## Metal prices are the key factor

A few months ago, 1980 was being hailed as the year of the mining finance houses. After a four-year spell in which these slightly curious institutions had lagged behind the market, the argument ran, the long-awaited revival in the metal markets should cause the shares to be upgraded.

The spectacular performance of precious metals added force to the case.

And so it happened—for a while. From languishing at a discount to the market, the British mining finance house sector has gone to premium. Last Thursday the average p/e for the FT 500 Index was 5.62 and the gross dividend yield was 7.05 per cent. The comparable figures for the mining finance sector were 8.29 and 5.42.

All four British mining finance houses have shown significant price increases since the beginning of the year. Charter Consolidated is up 60p, the smallest rise, to about 143p; Consolidated Gold Fields, partly inspired by the

## Mining

De Beers and Anglo American purchase of 25 per cent, is now about 450p, an increase of some 74p, after going much higher during February's excitement; Rio Tinto-Zinc has put on 30p to 358p; and Selection Trust has risen by 42p to 626p.

In the nature of things, the yields have not changed in unison. Charter has fallen slightly to 8 per cent, while the others have gone up a little: Cons Gold 5.4 per cent, against 5.1; RTZ 6 per cent, instead of 5.4; Selection 5.2 per cent is contrast with 5.1.

But this is the fun now over? The latest wave of forecasts from stockbrokers and commodity analysts suggests that metal prices will fall in the second half of the year, just as the expectation of rising prices took the shares to premium ratings, so the prospect of lower metal prices

could return the shares to their previous discount.

The widespread assumption that metal prices will end the year lower than they started is based on predictions of a deeper trade recession internationally. Metals looked stronger towards the end of 1979 and the beginning of this year because stocks had been run down and inflation and speculation in precious metals created demand for their base brothers.

For the moment, however, gold is trading rather aimlessly, lacking the political incentive needed to propel it upwards again. Silver has been victim to one of the most dramatic manipulations and crashes the commodity markets have ever seen.

At the same time, industrial demand for metals is weakening and once fears of the American economy deteriorating are realized, prices could slip rapidly. The companies' second-half profit will, therefore, dip below those of the first half.

Both RTZ and Selection Trust, by contrast, are quite exposed to base metal price movements. Last year's profit forecast for RTZ, which was £53m, has been revised up to £63m. But as the company itself said at the time: "The increase in net profit was mainly due to the improvement in metal prices." These benefits can be expected to feed through into the first two quarters, but thereafter the pace will probably slacken.

Selection Trust, which is discussed in greater detail below, has pursued an extensive diversification policy for many years, the purpose of which has been to guard against precisely these trade fluctuations.

But base metals are still essential to the company's fortunes and it is interesting that the high premium the shares recently enjoyed against the sector has now eased into line.

Michael Prest

Mr John du Cane, chairman of Selection Trust.

## What Amax means to Selection Trust

Selection Trust is the smallest of the British mining finance houses. In 1979 pretax profits and assets were £26.4m and £195m respectively. It is also the purest example of the genre, being almost exclusively a kind of holding company, with less emphasis than the others on mine management.

The company's progress from pretax profits of £6.5m in 1971 has been founded on one very successful investment, the 8.3 per cent stake in Amax, the giant American natural resources concern. Even now, after a decade of diversification and development of major projects, Amax's dividends still contribute £3.7m, or 12 per cent, of gross revenue.

The bulk of the rest of

revenue comes from North Sea interests and industrial holdings in Britain, Australia, which includes the Mount Newman iron ore mine, and the Spargoville nickel property, has been disappointing. Last year Australia's contribution to operating profit was £5m.

But earnings per share could rise this year from 43p to 55p, and part of the reason will be another Australian venture, the Agnew nickel mine.

From an investment point of view, however, the question is whether Selection Trust is preferable to perhaps either Amax, where earnings are growing very fast, or Ioco, the Canadian nickel company, which shows signs of recovering well from last year's doldrum.

Michael Prest

Mr John du Cane, chairman of Selection Trust.

## Ultramar in 1980

## Excellent prospects for the year



## Review of Ultramar Group Financial Results and Operations for the Quarter to 31st March 1980

## Summary of Financial Results

	First Quarter 1980 £ million	First Quarter 1979 £ million
Sales	223.8	200.8
Operating profit before taxation	31.5	12.2
Operating profit after taxation	19.1	6.8
Net profit	19.8	9.1
Cash flow from operations	23.9	11.0

The financial results of the Ultramar Group for the first quarter of 1980 were once again at a record high. The operating profit before taxation amounted to £31,500,000 compared with £12,200,000 for the first quarter of 1979. The net profit, after taxation and exchange fluctuations, was £19,800,000 for the first quarter of 1980 as against £9,100,000 for the corresponding quarter of last year.

These excellent results were achieved despite a sharp drop in the Group's sales of oil from 280,900 barrels per day in the first quarter of 1979 to 203,600 barrels per day for the first quarter of this year. Refinery runs were also lower. There are a number of reasons for the lower sales volume but primarily it reflects the reduced volumes of crude oil available to us and our deliberate policy of cutting back in the types of business which do not give adequate returns.

Nearly 40 per cent of our first quarter Group profits came from our Indonesian operations where the Badak LNG Plant continues to operate at throughput rates considerably in excess of design capacity. The producing divisions in Western Canada and the North Sea were also profitable, and

our refining and marketing operations did well overall. However, the financial return on our large investment in Eastern Canada, although improved, is still not satisfactory. We expect to make an early decision on whether to sophisticate the Quebec Refinery by adding equipment which will give us more light products and less heavy fuel oil.

In the first quarter, we took advantage of our strong cash position to prepay some £34,000,000 of long term debt and thereby reduce our interest costs.

For the rest of the year, our capital expenditure programme will concentrate on exploration and development in Indonesia, the North Sea and Western Canada. We will be participating with several groups of companies to apply for blocks in the forthcoming 7th round of North Sea licence applications.

There are some uncertainties for the remainder of the year but we expect the results for 1980 to be excellent.

Campbell Nelson  
Chairman  
9th May 1980

## New chief for EMI medical operations

Mr Richard Watt, a director of EMI, will be managing the company's withdrawal from the medical diagnostic imaging business. He has been appointed chairman of EMI's medical electronics operations, succeeding Mr David Steadman who has relinquished that position pending his departure from EMI to take a senior appointment with an international organization outside the medical electronics field.

Mr E. J. Proctor has been appointed a director of Refuge Assurance.

Mr G. F. Lambert, director-general of the Automobile Association, has been appointed to the Board of Mercantile Credit Company.

Mr Harry France has become senior partner of Blackett & Moore in succession to Mr Oliver Dawson, who remains a partner of the firm.

Mr Anthony J. Booth has been made director of the London Telephone Company's Regulated Services Division.

Mr P. R. Dugdale has been appointed chairman of the London Domestic Co in place of Mr K. M. Berliner who has retired as chairman and director. Mr W. M. Clarke is now deputy chairman. Mr J. J. Howard is appointed director, and Mr G. J. Wilson becomes alternate director for Mr J. J. Howard.

Mr Alan Kidd has become chief executive of Clive & Stokes.

Mr T. Hindmarch, the group chief executive of Burnard and Hallam, has been appointed managing director in succession to Mr N. Swinton, who will remain on the board in a non-executive capacity. Mr Hindmarch will retain his responsibilities as Group chief executive.

Several brokers are recommending

## Contrasting opinions on gilts

In a dull stock market ahead of the three-week account, brokers' research has concentrated on the more traditional issues. Several studies deal with gilts, oils, property, television licences and engineering.

There are divergent opinions on the gilt market.

Fielding Newsam-Smith & Co say that a bull market in gilts has already started and, as the recession takes shape interest rates will be falling. They recommend that funds should be fully invested in gilts.

W. Greenwell & Co have made a long study of television broad-

## Brokers' views

casting under the headline:

"No longer a licence to print money?" In fact, the study seems to suggest that television broadcasting is going to remain a good business after the next round of franchises.

The brokers say that the three main issues affecting the industry to be decided this year are, which contractors are going to hold the franchises from 1982, a decision by Parliament on the merits of IBA's proposals for ITV 2 and new plans for the future of the Exchequer Levy. They think that the only real threat to the profitability of the business is the non-renewal of licences.

In 1978, when the first round of franchise renewals took place, one company lost its franchise. So although renewal is not automatic, Greenwells think that with the introduction of ITV 2, such a risk is improbable this time. They think there are good "buys" in the sector, in spite of the uncertainties until the end of the year and point out that, at present, television advertising is rising at an annual rate of 50 per cent.

Several brokers focus on selected engineering shares.

Land investors, even though profits are only likely to increase marginally, this is be-

cause the shares stand at a 34 per cent discount on the market, the finances are strong and the quality of the portfolio is improving.

Rowe & Pitman say the shares should be bought on any setback. Oilters also recommend Iain Properties, while they rate Agfa as a "hold".

W. Greenwell & Co have made

a

As a long-term "buy", they recommend H. Brammer & Co, whose shares have risen twelve-fold in the past five years. Henry Cooke, Lumsden & Co recommend Hopkinson Holdings for its high yield and very strong recovery potential.

W. Greenwell & Co have prepared a study on institutional investment overseas. They say that this is a useful way of spreading risk but that in comparing United Kingdom and foreign investments, currency fluctuations must be taken into account.

They think that prudent investment overseas should be restricted to equity investment, though there may be some benefit in investing a small proportion of a long-term interest fund overseas.

## Template shortage hit Francis Linds

Directors of Francis Industries have had to "modify their ambitions to some extent as a result of the steel strike man, in the annual report.

In the first two months of the year the group had shown very considerably improved results over the corresponding period in 1979. But production levels in March and April at F. Francis were affected by the shortage of tin plate while other subsidiaries suffered delays in call-offs from customers hit by the strike.

## Ultramar Group Results for the Quarter to 31st March 1980

	First Quarter 1980 £ million	First Quarter 1979 £ million	Year 1979 £ million
Sales	£223.8	£200.8	£1,001.7
Profit on trading	35.0	15.8	106.4
Amortisation, depreciation, depletion and amounts written off	3.5	3.8	15.5
Elimination of remaining unamortised costs in Iran	—	3.6	31.0
Operating profit before taxation	31.5	12.2	75.4
Taxation on operating profit	8.3	2.5	15.6
Current	4.1	2.5	14.5
Deferred	—	5.4	30.1
Operating profit after taxation	18.1	5.8	45.3
Foreign exchange fluctuations (Note 2)	0.7	2.3	1.5
Net profit	18.8	8.1	46.8
Dividends	0.2	0.3	0.9
Convertible Redeemable Preferred Shares	—	2.3	—
Ordinary Shares —	—	4.8	—
Interim 5p per share	—	—	—
Final 10p per share	—	—	—
Advance Corporation Tax written off	0.1	0.1	11.2
Earnings retained for the period	£19.5	£8.7	£35.6
Cash flow from operations	£23.9	£21.0	£86.3
Earnings per Ordinary Share	41.8p	18.6p	59.2p
Fully diluted	37.2p	17.4p	58.1p

1. Group operating profits are largely in U.S. and Canadian dollars.

2. The gain on foreign exchange fluctuates between £1.7 million during the first three months of 1980, which is entirely to long term loans of individual companies repayable over the year to 1983.

3. Translation and conversion exchange rates used by the Group are:

31st March 1980 1979 1978  
March 218 247 222

£1 equals U.S. \$ 2.18 2.07 2.22

£1 equals Can. \$ 2.22 2.28 2.38

U.S.\$ equals Sw. Fr. 1.65 1.58 1.59

4. The Group's entitlement to income from Indonesian LNG sales is included in the profit and loss account after deducting transportation, liquefaction costs and debt service on the loans made by Ultramar to finance the whole of the production costs of the Badak LNG Plant, which is operated on a break-even basis. In order to match income with these deductions, the Group's entitlement is adjusted to reflect an equal annual charge for debt service, rather than the interest rate which is established for the loans, all of which are repayable within a 12-year period starting in 1977. Effectively, therefore, the cost of the plant will be fully amortised by the end of 1988.

5. Long term loans prepaid during the first three months of 1980 were £1,000,000, £1,000,000, £1,000,000 (Can. \$1,000,000) due in 1984 and the Indonesian Project Loan (Long Term portion U.S. \$48 million) due in 1985. The Project Loan is still available as a term facility until 1985, reducing by £27 million every three months.

## Consolidated Statement of Source and Application of Funds

## Source of Funds

## From Operations

Operating profit after taxation

Amortisation, depreciation, depletion and amounts written off

Deferred taxation on trading profits

Indonesian debt service equalisation (Note 4)

Cash flow from operations







PERSONAL CHOICE

## Broadcasting Guide

by Peter Dear

## TELEVISION

## BBC 1

6.40 am Open University : Producing the Goods ; 7.05 Opportunities for all: Close down at 7.55.  
9.52 For Schools, Colleges : European Union, Air, Gliders ; Europe Music, Time at the Fair ; 11.00 Merry-go-Round, Orkney ; 11.25 You and Me : Finding out about eyes and eye testing ; 11.40 For Schools, Colleges : Fruit of the Land in Italy. Close down at 11.55.  
12.45 pm News and weather.  
1.00 Pebble Mill at One : It's Home Enlargement Week and today's advice is offered on how to convert a derelict or condemned cottage into a sought-after property ; 1.15 Over the Moon.  
2.01 For Schools, Colleges : Words and Pictures (r). Out of the Past (r) and Going to Work which concerns the problems of physically-handicapped finding a job when they leave school. Close down at 3.00.  
3.40 News : with Richard Baker.  
5.55 Nationwide - regional news, followed at 6.20 by current affairs.  
6.55 As It Is, the Family, presented by Robert Robinson, Scotland in the Sun, the Murdoch family from Glasgow compared with the Wards of Berthamston.  
7.30 The Dukes of Hazard : Boss

3.55 Play School : Presented by Chloe Ascroft and Ben Bazel. 4.20 Cheggers Plays Pop : Keith Chegwin introduces Bad Manners Smokey, The New Seekers. Competing schools are both from Cheshire-Hazel Grove (red Team), Knutsford (the yellow). 4.40 Godzillas : a prehistoric monster.

5.00 John Craven's Newsround.

5.05 Eine Peter : Thru Cathedral will be decorated with more than 50 specially-made banners when the Prince of Wales visits it later this month. What's made in the cathedral will be in the studio to give the team a preview of what the prince will see.

5.35 Captain Pugwash - the ancient prime sailor visits the island of the Dodos (r).

5.40 News : with Richard Baker.

5.55 Nationwide - regional news, followed at 6.20 by current affairs.

6.55 As It Is, the Family, presented by Robert Robinson, Scotland in the Sun, the Murdoch family from Glasgow compared with the Wards of Berthamston.

7.30 The Dukes of Hazard : Boss

Hoss is conned into buying back goods stolen from him. Sheriff Coltrane investigates and the Duke's plan interferes.

8.10 Panoramas : 50-minute profile of Franz Josef Strauss (see Personal Choice).

9.00 News : with Christopher Morris.

9.25 Film : Catch 22 (1970). Wonderful black comedy concerning the exploits of USAF captain (Admiral Arkin) trying to get himself certified insane to escape from the Second World War.

11.25 Bellamy's Europe : The booming and eager Bellamy explores the beautiful Bavarian river Lech and the spectacular nature reserve Pupplinger Au. 11.35 News Headlines.

## Regions

BBC VARIATIONS : Cymru/Wales : 1.25 pm Full Fold : 6.55 Wales Today. 2.00 Wales at War. 2.30 Wales at War. 3.00 Wales at War. 3.30 Wales at War. 4.00 Wales at War. 4.30 Wales at War. 5.00 Wales at War. 5.30 Wales at War. 6.00 Wales at War. 6.30 Wales at War. 7.00 Wales at War. 7.30 Wales at War. 8.00 Wales at War. 8.30 Wales at War. 9.00 Wales at War. 9.30 Wales at War. 10.00 Wales at War. 10.30 Wales at War. 11.00 Wales at War. 11.30 Wales at War. 12.00 Wales at War. 12.30 Wales at War. 13.00 Wales at War. 13.30 Wales at War. 14.00 Wales at War. 14.30 Wales at War. 15.00 Wales at War. 15.30 Wales at War. 16.00 Wales at War. 16.30 Wales at War. 17.00 Wales at War. 17.30 Wales at War. 18.00 Wales at War. 18.30 Wales at War. 19.00 Wales at War. 19.30 Wales at War. 20.00 Wales at War. 20.30 Wales at War. 21.00 Wales at War. 21.30 Wales at War. 22.00 Wales at War. 22.30 Wales at War. 23.00 Wales at War. 23.30 Wales at War. 24.00 Wales at War. 24.30 Wales at War. 25.00 Wales at War. 25.30 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